金嗓子控股集團有限公司
GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code : 06896

GLOBAL OFFERING

Sole Sponsor, Sole Global Coordinator,
Sole Bookrunner and Sole Lead Manager

CREDIT SUISSE

If you are in doubt about any of the contents of this prospectus, you should seek independent professional advice.

GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED
金嗓子控股集團有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares in the Global Offering	**:**	**181,590,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**18,159,000 Shares (subject to reallocation)**
Number of International Offer Shares	**:**	**163,431,000 Shares (subject to reallocation and the Over-allotment Option)**
Maximum offer price	**:**	**HK$6.28 per Offer Share, plus 1% brokerage, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**US$0.000025 per Share**
Stock code	**:**	**06896**

Sole Sponsor, Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager

CREDIT SUISSE

A copy of this prospectus, having attached thereto the documents specified in the section headed "Appendix V – Documents Delivered to the Registrar of Companies and Available for Inspection" in this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

The Offer Price is expected to be determined by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and the Company on or around Monday, 6 July 2015 and, in any event, not later than Tuesday, 14 July 2015. The Offer Price will be not more than HK$6.28 per Offer Share and is currently expected to be not less than HK$4.58 per Offer Share, unless otherwise announced.

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sole Global Coordinator (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting".

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in accordance with Regulation S.

30 June 2015

Latest time to complete electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2] . . . . .11:30 a.m. on Monday, 6 July 2015

Application lists open[3] . . . . .11:45 a.m. on Monday, 6 July 2015

Latest time to (a) lodge **WHITE** and **YELLOW** application forms, (b) complete payment for **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (c) give **electronic application instructions** to HKSCC . . . . .12:00 noon on Monday, 6 July 2015

Application lists close[3] . . . . .12:00 noon on Monday, 6 July 2015

Expected Price Determination Date . . . . .Monday, 6 July 2015

(1) Announcement of the Offer Price, the level of indications of interest in the International Offering, the basis of allocations of the Hong Kong Offer Shares to be published in the South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on or before . . . . .Tuesday, 14 July 2015

(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers where appropriate) to be available through a variety of channels (see the section headed "How to Apply for Hong Kong Offer Shares – 11. Publication of Results" in this prospectus) from . . . . Tuesday, 14 July 2015

Announcement containing (1) and (2) above to be published on the websites of the Company and the Stock Exchange at **www.goldenthroat.com** and **www.hkexnews.hk**, respectively from . . . . .Tuesday, 14 July 2015

Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID" function from . . . . .Tuesday, 14 July 2015

Despatch of share certificates and White Form e-Refund payment instructions/refund cheques (if applicable) on or before[4][5] . . . . .Tuesday, 14 July 2015

Dealings in the Shares on the Stock Exchange expected to commence on . . . . Wednesday, 15 July 2015

(1) *All times refer to Hong Kong local time, except as otherwise stated.*

(2) *You will not be permitted to submit your application under the* ***White Form eIPO*** *service through the designated website at* ***www.eipo.com.hk*** *after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications.*

(3) *If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Monday, 6 July 2015, the application lists will not open and close on that day. See the section headed "How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.*

(4) *The share certificates will only become valid at 8:00 a.m. on the Listing Date, which is expected to be Wednesday, 15 July 2015, provided that the Global Offering has become unconditional in all respects at or before that time. Investors who trade Shares on the basis of publicly available allocation details or prior to the receipt of the share certificates or prior to the share certificates becoming valid do so entirely at their own risk.*

(5) *e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application.*

> ***You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors, officers or representatives or any other person involved in the Global Offering.***

This summary is intended to give you an overview of the information contained in this prospectus. Since it is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a leading manufacturer of lozenges in China with our patent-protected lozenges having the largest market share of approximately 25.8% in terms of retail sales value in 2014, according to the Euromonitor Report. We attribute our success to our strong brand recognition through our consistent efforts since commencement of our commercial operations. We develop and promote our "Golden Throat (金嗓子)" brand by associating it with our core value of building on the traditional Chinese herbal medicine culture, delivering the benefits of a healthy lifestyle, focusing on our stringent quality control and safe assurance standards and providing convenient-to-consume products to our customers. Our knowhow for the manufacture of lozenges and other products, combined with our scalable production, allows us to reduce our production costs and provides us with product differentiation and competitive capabilities in our target markets. As a leading lozenge brand in China, with our well-recognised household name and our existing portfolio of products, as well as our strong marketing capabilities and distribution network, we believe that we are well positioned to benefit from the strong growth underway in the PRC's throat remedies market.

OUR BUSINESS MODEL

Our Products

Our flagship product is Golden Throat Lozenges (OTC), which was launched in 1994. It is a type of lozenge mainly designed to relieve symptoms of sore and dry throat and hoarse voice caused by acute pharyngitis. Over the past two decades, Golden Throat Lozenges (OTC) has become a widely recognised brand and the leader in lozenge products in China. Our sales of Golden Throat Lozenges (OTC) accounted for 92.4%, 92.4% and 90.6% of our total revenue for the years ended 31 December 2012, 2013 and 2014, respectively. Our other major pharmaceutical products include Yinxingye Tablet (銀杏葉片), Jinyin Sanqi Capsule (金銀三七膠囊) and Fufang Baibu Zhike Granule (複方百部止咳顆粒), the sales of which in aggregate accounted for 1.7%, 1.3% and 1.3% of our total revenue for the years ended 31 December 2012, 2013 and 2014, respectively.

Golden Throat Lozenge Series Products are another of our key products (consisting of Dule Lozenges (都樂含片), sugar-free Dule Lozenges and four other sugar-free flavours of this series products), which offer more choices of flavours to consumers.

The table below sets forth, for the periods indicated, the sales volume, average selling price ("**ASP**") and gross profit margin of our key products.

	Year ended 31 December														
	2012					2013					2014				
	Sales volume[(1)]		ASP		Gross profit margin	Sales volume[(1)]		ASP		Gross profit margin	Sales volume[(1)]		ASP		Gross profit margin
	Million boxes	Million lozenges	RMB per box	RMB per lozenge	%	Million boxes	Million lozenges	RMB per box	RMB per lozenge	%	Million boxes	Million lozenges	RMB per box	RMB per lozenge	%
Golden Throat Lozenges (OTC)															
in old packaging configuration[(2)]	128.5	2,570.0	4.2	0.21	66.8	68.5	1,370.0	4.0	0.20	67.1	–	–	–	–	–
in new packaging configuration[(3)]	–	–	–	–	–	52.1	625.2	4.4	0.37	72.2	127.0	1,524.0	4.3	0.36	74.3
Subtotal/Weighted average	128.5	2,570.0	4.2	0.21	66.8	120.6	1,995.2	4.2	0.25	69.4	127.0	1,524.0	4.3	0.36	74.3
Golden Throat Lozenge Series Products[(4)]	7.4	88.8	4.2	0.34	45.2	7.1	85.2	4.4	0.37	43.9	9.0	108.0	4.1	0.34	46.6

Notes:

(1) Includes free products and samples provided to our distributors as part of our sales rebate mechanism.

(2) Contains 20 lozenges per box.

(3) Contains 12 lozenges per box.

(4) Consists of Dule Lozenges (都樂含片), sugar-free Dule Lozenges and sugar-free flavours of orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊) and American ginseng (西洋參) flavour products.

We changed the packaging configuration of Golden Throat Lozenges (OTC) in August 2013 by decreasing the quantity of lozenges from 20 lozenges in four bags of five lozenges each per box to 12 lozenges per box, which are individually wrapped in two polyvinyl chloride templates of six lozenges each, and increasing the per box wholesale price of such product in the new packaging configuration. These changes resulted in increases in the gross profit margin, ASP per lozenge and unit cost of sales per lozenge of such product in 2014. For details, please refer to "Financial Information – Factors Affecting Our Results of Operations and Financial Condition – Business Strategies of Our Products" in this prospectus.

Our sales volume of Golden Throat Lozenges (OTC) (in terms of both the number of boxes (amounting to 128.5 million, 120.6 million and 127.0 million boxes for the years ended 31 December 2012, 2013 and 2014, respectively) and lozenges (amounting to 2,570.0 million, 1,995.2 million and 1,524.0 million lozenges for the years ended 31 December 2012, 2013 and 2014, respectively) sold) was relatively low during 2013 and 2014 compared to that in 2012, primarily due to: (i) the extension of such product's storage life as a result of the individual wrapping of lozenges introduced in August 2013, whereas previously our lozenges were not individually wrapped and were exposed to moisture after opening, thereby resulting in a shorter storage life and wastage; (ii) a decrease in the number of lozenges per box from 20 in 2012 to 12 in 2013 and 2014 as a result of the new packaging configuration in August 2013; and (iii) the temporary unfamiliarity of consumers with the new packaging configuration when it was first introduced in 2013. We believe that consumers have become more familiar with our new packaging configuration over time with our increased marketing and promotion efforts. For the four months ended 30 April 2015, we sold approximately 47.5 million boxes of Golden Throat Lozenges (OTC), representing an approximately 12.6% increase over the same period in 2014.

For the major differences between our Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products, please refer to the section headed "Business – Our Products" in this prospectus.

Our Distribution Network

We have established an extensive and structured nationwide sales and distribution network for our lozenge products through a refined distributorship system implemented in 2013. We select distributors with proven distribution abilities, familiarity with their own target markets, financial strength, credit records, scale of operations and warehousing facilities. We also conduct annual reviews of the performance of our distributors to ensure our distribution channels are effective and comply with our internal control requirements.

As of 31 December 2014, our distribution network comprised over 300 distributors which were directly engaged by us covering all the provinces, autonomous regions and municipal cities throughout China. In addition to the distributors and sub-distributors which are directly engaged by our distributors for the sales and marketing of our products, we have also engaged promoters to further facilitate our product promotion and advertising, communication with our customers and monitoring of the activities of our distributors.

We also have a presence in various overseas markets for our products, including the United States, Canada, the European Union, Australia, Southeast Asia and Middle East. We have engaged Liuzhou Jianli and local distributors to sell our products to overseas markets.

Our Manufacturing and Quality Control

We have obtained the necessary certification for the production of our products in all production lines. As of 31 December 2014, we operated a total of 15 production lines at our facilities. Based on our accumulated experience and knowledge in lozenges operations, we have developed our proprietary formulae, which have significantly contributed to the success of our products. We also exercise stringent control over the quality of our products, placing particular emphasis on their consistency and curative functions.

Our Procurement

Our ability to maintain consistently high quality of products depends upon the ability to secure a stable supply of high quality Chinese herbs, which are our principal raw materials. We carefully select our suppliers based on various factors and have also implemented detailed procedures for the procurement of raw materials. We also perform our own inspection of raw materials in accordance with quality requirements promulgated by the relevant government authorities for different raw materials. In addition to regular inspections of raw materials, we also conduct ad hoc on-site inspections to ensure the raw materials meet our quality requirements. In addition, the cost of packaging materials purchased from our packaging materials suppliers accounted for a significant portion of our total cost of sales during the Track Record Period. Of our top five suppliers for the years ended 31 December 2012, 2013 and 2014, three were packaging materials suppliers, and the cost of packaging materials purchased from such packaging materials suppliers accounted for approximately 36.8%, 33.9% and 36.0%, respectively, of our total cost of sales for the respective period.

Our Research and Development Capabilities and Pipeline Products

Research and development is critical to the sustainable growth of our business. Our business has significantly benefited from our strong track record in research and development. Since 1994, we have successfully developed 26 new products for which we have obtained manufacturing permits, amongst which, eight are pharmaceutical products, 16 are food products, one is a health food product and one is medical apparatus product. In particular, We have developed Golden Throat Lozenge Series Products (sugar-free series) to respond to consumers' increasing health awareness.

We seek to develop new pharmaceutical products and food products addressing selected key medical and health needs, with the objective of contributing to the improvement of the public health and capturing market share in new markets, as well as enriching our product portfolio. Our major pipeline products also include Yinhualu, Vegetable Beverage and Qingyan Tablet. We introduced Yinhualu into the market on a trial basis in September 2014, and we expect to officially launch Golden Throat Lozenge Vegetable Beverages Series Products (including sugar-free series) in the second half of 2015. We also expect to launch Qingyan Tablet in the second half of 2015 through pharmacies and supermarkets. Our major products under development include Lengyinzi (冷飲子), for which we have commenced pre-clinical research.

We will continue our co-operation with external institutions in product research, development and commercialisation with the aim of improving our production quality and efficiency. We plan to increase our annual research and development budget, upgrade our research facilities and purchase advanced equipment. In addition, we intend to partially convert our current headquarters located at No. 28, Yuejin Road, Liuzhou, Guangxi Zhuang Autonomous Region into a food research and development centre. We intend to incur an aggregate of approximately RMB65 million on research and development activities for the next three years.

Our Expansion and Upgrading Plan

We plan to increase our production capacity by constructing a new production base to meet demand for our Golden Throat Lozenges (OTC). We are in the process of acquiring a new plot of land in Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region for the purpose of constructing a new medicines production and research and development base. After the expansion, we expect to have an annual capacity of manufacturing 198.5 million boxes of Golden Throat Lozenges (OTC) representing an increase of 57% of the current capacity.

In addition, we plan to convert our current headquarters at No. 28, Yuejin Road, Liuzhou, Guangxi Zhuang Autonomous Region into a food production plant, as well as our food research and development centre, in order to enhance our food business and capture more customers and sales. Our current site in Laibin will be used to establish a Chinese herbs processing base.

Our Information Technology

Since March 2013, we have adopted an electronic tracking code system for our Golden Throat Lozenges (OTC) and certain of our pharmaceutical products. In addition, we have developed an electronic tracking code system for our food products by taking reference of the Electronic Supervision Code of PRC Medicines. By adopting the electronic tracking code systems, our distributors are now able to verify the authenticity of our pharmaceutical products and food products which are sold with our trademarks in a more convenient and reliable manner. In addition, the electronic tracking code systems also enable a more accurate monitoring and supervision of the entire process of our pharmaceutical and food products, from manufacturing, warehousing, distribution and transportation to sale to the end customers.

Seasonality

We generally achieve higher sales of our products both in absolute terms and also as a percentage of our total revenue in the winter when Chinese consumers are more likely to experience pharyngitis symptoms. As such, our revenue in the fourth quarter generally accounts for a higher percentage of our full year revenue as compared to any of the other quarters.

COMPETITIVE STRENGTHS

We attribute our success to, and distinguish ourselves by, the following key competitive strengths:

- leader in the PRC's lozenge market and the PRC's fast growing throat remedies market;
- strong nationwide brand recognition and effective brand marketing strategy;
- extensive and structured nationwide sales and distribution network and increasing international footprint;
- stringent quality control and monitoring system;
- extensive knowhow and pipeline pharmaceutical and food products from decades of operation; and
- experienced, stable and committed management team with strong track record of effective leadership and execution.

STRATEGIES AND FUTURE PLANS

We aim to maintain our leading position in the lozenge market with a highly reputable brand in China. We intend to pursue the following growth strategies to achieve this goal:

- continue to strengthen our leading position in the lozenge market and continue to expand our market share in the PRC pharmaceutical and food markets;
- increase our production capacities, expand our product portfolio and strengthen our research and development capabilities;
- enhance our food and other pharmaceutical businesses and promote synergies across different product segments;
- enhance our brand recognition through effective and targeted marketing;
- expand our distribution network, refine associated infrastructure and leverage on our existing distribution network to market different products; and
- continue to attract, retain and motivate talented personnel.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of our consolidated financial information as of and for the years ended 31 December 2012, 2013 and 2014, as applicable. We have derived the summary from our consolidated financial information set forth in the Accountants' Report in Appendix I to this prospectus. The following summary should be read together with the consolidated financial information in Appendix I to this prospectus, including the accompanying notes and the information set forth in the section headed "Financial Information" in this prospectus. Our financial information was prepared in accordance with HKFRS.

Summary Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth, for the periods indicated, our consolidated results of operations.

	Year ended 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Revenue	587,802	548,857[1]	606,801
Cost of sales	(210,185)	(181,994)	(176,893)
Gross profit	377,617	366,863	429,908
Other income and gains[2]	14,668	15,766	18,250
Selling and distribution expenses	(200,258)	(230,110)	(213,286)
Administrative expenses	(53,470)	(47,674)	(59,101)
Other expenses	(2,083)	(6,876)	(5,395)
Finance costs	(7,972)	(5,726)	(13,538)
Profit before tax	128,502	92,243	156,838
Income tax expense	(25,658)	(22,325)	(35,128)
Profit and total comprehensive income for the year	102,844	69,918	121,710

Notes:

(1) Our total revenue decreased by RMB38.9 million, or 6.6%, from RMB587.8 million in 2012 to RMB548.9 million in 2013, primarily due to the short-term adverse impact arising from our launch of Golden Throat Lozenges (OTC) in the new packaging configuration in August 2013 with a temporary slowdown of production in our manufacturing facility from May to July in 2013. For details, please refer to the section headed "Financial Information – Year to Year Comparison of Results of Operations" in this prospectus.

(2) For each of the three years ended 31 December 2014, the government grants to the Group represented 12.3%, 16.9% and 9.3% of our net profit, respectively, and therefore we consider that the government grants were significant to our profit. Please refer to the section headed "Risk Factors – Risks Relating to the Company – The unavailability of any favourable regulatory treatment, particularly government grants and preferential income tax rate, could materially and adversely affect our business, financial condition and results of operations" in this prospectus for further details of the risk of the unavailability of such government grants.

Summary Consolidated Statements of Financial Position

	As of 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Total current assets	576,185	509,608	495,866
Total current liabilities	206,811	419,477	471,997
Net current assets	369,374	90,131	23,869
Total assets less current liabilities	438,607	171,249	96,029
Net assets	434,331	167,013[1]	91,352[1]
Total equity	434,331	167,013	91,352

Note:

(1) Our net assets decreased from RMB167.0 million as of 31 December 2013 to RMB91.4 million as of 31 December 2014 primarily due to the dividends declared of RMB167.3 million in 2014 and deemed distribution to shareholders of RMB30.3 million, the effects of which were partially offset by our profit of RMB121.7 million in 2014.

Key Financial Ratios

	Notes	Year ended 31 December/ As of 31 December 2012	2013	2014
Liquidity ratios				
Current ratio (times)	(1)	2.8x	1.2x	1.1x
Quick ratio (times)	(2)	2.4x	1.1x	0.9x
Capital adequacy ratios				
Debt-to-equity ratio	(3)	Net cash	Net cash	Net cash
Gearing ratio	(4)	12.5%	64.7%	103.8%
Profitability ratios				
Return on assets	(5)	15.4%	11.3%	21.0%
Return on equity	(6)	25.5%	23.3%	94.2%

Notes:

(1) Current ratio represents current assets as of a record date divided by current liabilities as of the same record date.

(2) Quick ratio represents current assets excluding inventory as of a record date divided by current liabilities as of the same record date.

(3) Debt-to-equity ratio represents total net debt (which is equal to total borrowings less cash and cash equivalents) as of a record date divided by total equity as of the same record date.

(4) Gearing ratio represents total bank borrowings as of a record date divided by total equity as of the same record date.

(5) Return on assets represents net profit for a period divided by average assets as at the beginning and the end of such period.

(6) Return on equity represents net profit for a period divided by average equity as at the beginning and the end of such period.

CONTROLLING SHAREHOLDERS

Immediately upon completion of the Global Offering, Mr. ZENG Yong (via the Family Trust, Jin Jiang Global and Golden Throat International) will, indirectly and beneficially, own in total 61.7% of the issued share capital of the Company, assuming the Over-allotment Option is not exercised. As a result, Mr. ZENG Yong, the Family Trust, Jin Jiang Global and Golden Throat International will continue to be the Controlling Shareholders. In order to avoid any potential competition between the Controlling Shareholders and the Company, the Controlling Shareholders have entered into the Non-competition Agreement with the Company and have undertaken that neither they nor any of their associates would engage in any business that competes directly or indirectly or may compete with our core businesses.

EUROMONITOR REPORT

Certain information included in the sections headed "Industry Overview", "Business" and "Financial Information" in this prospectus is quoted from the Euromonitor Report. The Euromonitor Report was prepared based on the following assumptions:

- China is likely to maintain steady macro-economic growth during the forecast period with ongoing urbanisation; and

- The social, economic and political environment in China are likely to remain stable for the foreseeable future, which should provide an overall robust and healthy environment for the development of PRC over-the-counter medicine including throat remedies products.

GLOBAL OFFERING STATISTICS

Offer size:	Initially 25.0% of the enlarged issued share capital of the Company
Offering structure:	Approximately 10% for Hong Kong Public Offering (subject to reallocation) and approximately 90% for International Offering (subject to reallocation and the Over-allotment Option)
Over-allotment Option:	Up to approximately 15% of the number of Offer Shares initially available under the Global Offering
Offer Price Per Share:	HK$4.58 to HK$6.28 per Offer Share

	Based on an Offer Price of HK$4.58 per Share	**Based on an Offer Price of HK$6.28 per Share**
Market capitalisation of the Shares(2)	HK$3,326.7 million	HK$4,561.5 million
Unaudited pro forma adjusted consolidated net tangible asset value per Share(3)	HK$1.21	HK$1.62

Notes:

(1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.

(2) The calculation of market capitalisation is based on 181,590,000 Shares expected to be issued under the Global Offering, and assuming that 726,360,000 Shares are issued and outstanding immediately following the completion of the Global Offering.

(3) The unaudited pro forma adjusted consolidated net tangible asset per Share is calculated after making the adjustments referred to in the section headed "Appendix II – Unaudited Pro Forma Financial Information" to this prospectus and on the basis that 726,360,000 Shares are issued and outstanding immediately following the completion of the Global Offering.

USE OF PROCEEDS

We estimate that the net proceeds of the Global Offering which we will receive, assuming an Offer Price of HK$5.43 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus), will be approximately HK$910.8 million, after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering and assuming the Over-allotment Option is not exercised. We intend to use the net proceeds of the Global Offering for the following purposes:

Amount (HK$ in million)	**Approximate % of total estimated net proceeds**	**Intended use**
209.3	23%	construct a new medicines production and research and development base in Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region or on an alternative plot of land
190.2	21%	convert our current headquarters at No. 28, Yuejin Road, Liuzhou, Guangxi Zhuang Autonomous Region into a food production plant and food research and development centre
287.1	32%	market expansion in 2015, 2016 and 2017
82.4	9%	product development
38.0	4%	establish a Chinese herbs processing base on our current site in Laibin, Guangxi Zhuang Autonomous Region
12.7	1%	refine and upgrade electronic tracking code systems
91.1	10%	working capital and other general corporate purposes

DIVIDEND POLICY

We declared dividends in an aggregate amount of RMB39.1 million, RMB337.2 million and RMB167.3 million for the years ended 31 December 2012, 2013 and 2014, respectively, to our then Shareholders, of which an aggregate of RMB8.0 million remained unpaid as of 30 April 2015 and will be fully paid before the Listing. You should note that historical dividend distributions are not indicative of our future dividend distribution policy. We currently intend to adopt, after the Listing and subject to the limitations as further described in the section headed "Financial Information – Dividend Policy" in this prospectus, a general annual dividend policy of declaring and paying dividends on an annual basis of no less than 20% of our profit available for distribution for any particular financial year. Going forward, we will re-evaluate our dividend policy in light of our financial position and the future expectations and other factors that the Board deems relevant and we cannot assure you that dividends of any amount will be declared or distributed in any given year. For further details, please refer to the section headed "Financial Information – Dividend Policy" in this prospectus.

LISTING EXPENSES

The estimated total listing expenses (based on the mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised and all discretionary incentive fees in the Global Offering are paid in full) incurred or to be incurred in relation to the Global Offering are approximately RMB59.3 million, of which RMB31.0 million will be charged as administrative expenses to our profit or loss and RMB28.3 million will be charged against equity, in accordance with Hong Kong Accounting Standard 32, *Financial Instruments: Presentation.*

For the year ended 31 December 2014, we recognised listing expenses of RMB9.3 million as our administrative expenses. We also recognised listing expenses of RMB3.1 million as deferred listing expenses for the year ended 31 December 2014.

RECENT DEVELOPMENT

Set forth below are certain material developments on our business, results of operations and industry after 31 December 2014, being the end of the Track Record Period:

- As of the Latest Practicable Date, we have entered into distribution agreements with 121 distributors and have entered into products promotion cooperation agreements with 12 promoters for the year of 2015.

- We commenced the production of Qingyan Tablet on a trial basis in April 2015. We have also continued the production of Golden Throat Lozenge Vegetable Beverages Series Products through Lingshan Yufeng in preparation of their official launch in the second half of 2015.

- For the four months ended 30 April 2015, we recorded a revenue of RMB221.5 million, and incurred a cost of sales of approximately RMB63.7 million. We decided not to declare any dividend for the four months ended 30 April 2015.

- We entered into a legally binding framework distribution co-operation agreement with one of our distributors in connection with the sale of our Vegetable Beverage in Guangdong, Hunan, Zhejiang and Jiangsu.

- After the completion of a public tender, auction and listing-for-sale process, we entered into a State-owned construction land use right assignment contract on 20 May 2015 with Liuzhou Bureau of Land Resources in Guangxi Zhuang Autonomous Region, China (中華人民共和國廣西壯族自治區柳州市國土資源局) in connection with the acquisition of the State-owned construction land use right in Luowei Industrial Concentration Area, Liuzhou for a consideration of RMB20.5 million, which had been fully settled in May 2015.

The Directors are not aware of any material changes in the PRC pharmaceutical and food industries between the end of the Track Record Period and the Latest Practicable Date.

The financial information disclosed above is derived from the unaudited consolidated financial statements for the four months ended 30 April 2015, which were reviewed by our reporting accountants in accordance with the Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

The Directors confirm that, since the end of the Track Record Period and up to the Latest Practicable Date, there had been no material adverse change in our business, results of operations and financial condition and there had been no event which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report set forth in Appendix I to this prospectus.

RISK FACTORS

There are certain risks involved in our operations and in connection with the Global Offering, many of which are beyond our control. These risks can be categorised into (i) risks relating to the Company, (ii) risks relating to our industry, (iii) risks relating to the PRC and (iv) risks relating to the Global Offering and the Shares. We believe the most significant risks we face include the followings:

- we depend on a limited number of key products; if we are unable to maintain the sales volumes, pricing levels and profit margins of our key products, our revenues and profitability could be materially and adversely affected;
- if we fail to effectively market and promote our brands, in particular our "Golden Throat (金嗓子)" brand, our business, financial condition and results of operations may be materially and adversely affected;
- we depend on distributors for most of our turnover. If we fail to maintain relationships with, or monitor the distribution by, our existing distributors or expand our distribution network, or if our distributors fail to obtain or maintain requisite licences, permits or certificates, our business, financial condition or results of operations could be materially and adversely affected;
- if we are subject to product liability claims, customer complaints, product contamination or adverse publicity in relation to our products or of similar products sold by other companies, we could be exposed to costs and liabilities, and our reputation, revenues and profitability could be materially and adversely affected;
- we are limited in our current production capacity for certain key products; if we fail to complete the acquisition of a new plot of land in Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region or increase our production capacity, our business prospects could be materially and adversely affected; and
- we operate in highly competitive industries, and our business, financial condition and results of operations may be materially and adversely affected if we are not able to compete effectively.

A detailed discussion of all the risk factors involved are set forth in the section headed "Risk Factors" in this prospectus and you should read the whole section carefully before you decide to invest in the Offer Shares.

In this prospectus, unless the context otherwise requires, the following words and expressions shall have the following meanings. Certain other terms are explained in the section headed "Glossary of Technical Terms" in this prospectus.

"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them
"Articles" or "Articles of Association"	the amended and restated articles of association of the Company, conditionally adopted by the Company on 24 June 2015, which will become effective upon the Listing, and as amended from time to time, a summary of which is set out in the section headed "Appendix III – Summary of the Constitution of the Company and Cayman Companies Law" to this prospectus
"Board" or "Board of Directors"	the board of directors of the Company
"Business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"CAGR"	compound annual growth rate
"Cayman Companies Law" or "Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or a general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant

"CCTV"	China Central Television
"CFDA"	China Food and Drug Administration (國家食品藥品監督管理總局)
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
"Company", "we", "us" and "our"	Golden Throat Holdings Group Company Limited (金嗓子控股集團有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 2 September 2014 and, except where the context otherwise requires, all of its subsidiaries or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its current subsidiaries were engaged in and which were subsequently assumed by it or its current subsidiaries pursuant to the Reorganisation
"Controlling Shareholders"	has the meaning ascribed thereto in the Listing Rules and, unless the context otherwise requires, refers to Mr. ZENG Yong, the Family Trust, Jin Jiang Global and Golden Throat International
"Credit Suisse"	Credit Suisse (Hong Kong) Limited
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the member(s) of the Board of Directors
"Employee Shareholding Committee"	the employee shareholding committee of Golden Throat Company
"Employees Trust"	an irrevocable discretionary trust with Mr. ZENG Yong as the settlor for the purposes of recognising and rewarding the contribution and performance of certain employees of the Group. Please see the section headed "History and Development" in this prospectus for further details

"Euromonitor"	Euromonitor International Ltd, an Independent Third Party, which is a market research company with a focus on industry, country, company and consumer lifestyle research
"Euromonitor Report"	the report commissioned by the Group and prepared by Euromonitor on throat remedies market in China
"Family Trust"	an irrevocable discretionary trust settled by Mr. ZENG Yong as the settlor pursuant to a trust arrangement dated 25 February 2015 in respect of the shares in Jin Jiang Global
"GDP"	gross domestic product
"Global Offering"	the Hong Kong Public Offering and the International Offering
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Golden Throat Company"	廣西金嗓子有限責任公司 (Guangxi Golden Throat Co., Ltd.), a company with limited liability established in China on 18 September 1998 and an indirect wholly-owned subsidiary of the Company
"Golden Throat Health Food"	廣西金嗓子保健品有限公司 (Guangxi Golden Throat Health Food Co., Ltd.), a company with limited liability established in China on 26 September 2001 and an indirect wholly-owned subsidiary of the Company
"Golden Throat Industrial"	金嗓子實業集團有限公司 (Golden Throat Industrial Holdings Limited), a company with limited liability incorporated in Hong Kong on 23 April 2012 and a direct wholly-owned subsidiary of the Company
"Golden Throat International"	Golden Throat International Holdings Limited, a company incorporated in the British Virgin Islands on 3 April 2012 and beneficially and wholly owned by Jin Jiang Global, and one of the Controlling Shareholders

"Golden Throat Investment"	廣西金嗓子投資諮詢有限公司 (Guangxi Golden Throat Investment Consulting Co., Ltd.), a company with limited liability established in China on 27 November 2014 and an indirect wholly-owned subsidiary of the Company
"Golden Throat Lozenges (OTC)"	金嗓子喉片, one of our key products and approved as a type of over-the-counter medicine
"Golden Throat Lozenge Series Products"	金嗓子喉寶系列產品, one of our key products and approved as food products
"Golden Throat Lozenge Vegetable Beverages Series Products"	金嗓子喉寶植物飲料系列產品, a series type of our pipeline products and approved as a type of food
"Golden Throat Medical"	廣西金嗓子醫藥有限公司 (Guangxi Golden Throat Medical Co., Ltd.), a company with limited liability established in China on 11 November 2004 and an indirect wholly-owned subsidiary of the Company
"Golden Throat Pharmaceutical"	廣西金嗓子藥業股份有限公司 (Guangxi Golden Throat Pharmaceutical Corporation), a company with limited liability established in China on 21 December 2006 and an indirect wholly-owned subsidiary of the Company
"Governmental Authority"	any public, regulatory, taxing, administrative or governmental agency or authority (including, without limitation, the Stock Exchange and the SFC), other authority and any court at the national, provincial, municipal or local level
"Group"	the Company and its subsidiaries
"Guangxi FDA"	Guangxi Food and Drug Administration (廣西壯族自治區食品藥品監督管理局)
"HKFRS"	Hong Kong Financial Reporting Standards promulgated by the HKICPA which include Hong Kong Accounting Standards and Interpretations
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited

"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars", "HK dollars" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 18,159,000 Shares being initially offered by the Company for subscription at the Offer Price under the Hong Kong Public Offering (subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus)
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price on and subject to and in accordance with the terms and conditions described in this prospectus and the Application Forms
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters listed in the section headed "Underwriting – Hong Kong Underwriters" in this prospectus, being the underwriters of the Hong Kong Public Offering
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 29 June 2015 relating to the Hong Kong Public Offering and entered into among the Sole Global Coordinator, the Sole Sponsor, the Hong Kong Underwriters, the Controlling Shareholders and the Company, as further described in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement" in this prospectus
"Independent Third Party"	a party that is not connected with (within the meaning of the Listing Rules) any director, general manager or substantial shareholder of the Company or any of their respective subsidiaries or an associate of any of them

"International Offer Shares"	the 163,431,000 Shares being initially offered under the International Offering together with, where relevant, any additional Shares that may be sold by the Controlling Shareholders pursuant to any exercise of the Over-allotment Option, subject to reallocation as described in the section headed "Structure of the Global Offering" in this prospectus
"International Offering"	the offer of the International Offer Shares at the Offer Price outside the United States in offshore transactions in accordance with Regulation S and in the United States to QIBs only in reliance on Rule 144A or any other available exemption from registration under the U.S. Securities Act, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the group of underwriters, led by the Sole Global Coordinator, that is expected to enter into the International Underwriting Agreement to underwrite the International Offering
"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering, which is expected to be entered into among the Sole Global Coordinator, the International Underwriters, the Controlling Shareholders and the Company on or about 6 July 2015, as further described in the section headed "Underwriting – Underwriting Arrangements and Expenses – International Offering – International Underwriting Agreement" in this prospectus
"Jin Chen Global"	Jin Chen Global Investment Company Limited, a company incorporated in the British Virgin Islands on 2 September 2014 and its issued shares are held by Jin Chen Employee Holdings Limited as trustee for the benefit of certain employees or former employees of Golden Throat Company and their dependants, and which is not a member of the Group
"Jin Jiang Global"	Jin Jiang Global Investment Company Limited, a company incorporated in the British Virgin Islands on 23 September 2014 and its issued shares are held by Sovereign Trust International Limited as trustee for the benefit of Mr. ZENG Yong and his children and descendants, and one of the Controlling Shareholders

"Jin Qing Global"	Jin Qing Global Investment Company Limited, a company incorporated in the British Virgin Islands on 23 September 2014 and its issued shares are held by Jin Chen Employee Holdings Limited as trustee for the benefit of certain senior management of Golden Throat Company and their dependants, and which is not a member of the Group
"Latest Practicable Date"	23 June 2015, being the latest practicable date for the purposes of ascertaining certain information contained in this prospectus prior to its publication
"Lingshan Yufeng"	廣西靈山縣宇峰保健食品有限公司 (Guangzi Lingshan Yufeng Health Foods Co., Ltd.), a company with limited liability established in China on 24 May 2007, an Independent Third Party
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about 15 July 2015, on which the Shares are listed on the Stock Exchange and from which dealings in the Shares are permitted to commence on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
"Liuzhou Jianli"	柳州市堅利進出口貿易有限公司 (Liuzhou Jianli Import & Export Trading Co., Ltd.), a company with limited liability established in China on 17 September 2003, an Independent Third Party
"Macau"	the Macau Special Administrative Region of the PRC
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of the Company, adopted by the Company on 13 February 2015 and as amended from time to time, a summary of which is set out in the section headed "Appendix III – Summary of the Constitution of the Company and Cayman Companies Law" to this prospectus

"Ministry of Finance" or "MOF"	Ministry of Finance of the PRC (中華人民共和國財政部)
"Ministry of Health" or "MOH"	Ministry of Health of the PRC (中華人民共和國衛生部), one of the predecessors of the NHFPC
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"NDRC"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NHFPC"	National Health and Family Planning Commission of the PRC (中華人民共和國國家衛生和計劃生育委員會), which was reorganised from the former MOH and National Population and Family Planning Commission in March 2013
"Non-competition Agreement"	the non-competition agreement entered into between the Controlling Shareholders and us on 24 June 2015
"Offer Price"	the final offer price per Offer Share in Hong Kong dollar (exclusive of 1% brokerage, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$6.28 and expected to be not less than HK$4.58, such price to be determined by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and the Company on or before the Price Determination Date
"Offer Shares"	the Shares offered in the Global Offering (for the purposes of this prospectus, the total number of initial Offer Shares under the Global Offering is assumed to be 181,590,000 Offer Shares)

"Over-allotment Option"	the option expected to be granted by the Company to the International Underwriters, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters), pursuant to which the Company may be required to allot and issue up to an aggregate of 27,238,500 additional Shares (representing in aggregate approximately 15% of the number of Offer Shares initially being offered under the Global Offering) at the Offer Price to, amongst others, cover over-allocations in the International Offering, details of which are described in the section headed "Structure of the Global Offering – Over-allotment Option" in this prospectus
"PBOC"	the People's Bank of China (中國人民銀行)
"Peizhen Investment"	廣西佩珍投資諮詢有限公司 (Guangxi Peizhen Investment Consulting Co., Ltd.), a company with limited liability established in China on 30 July 2014 and controlled by Ms. JIANG Peizhen, and which is not a member of the Group
"PRC", "China" or the "People's Republic of China"	the People's Republic of China, excluding, for purposes of this prospectus, Hong Kong, Macau and Taiwan, unless otherwise specified
"PRC Company Law"	the Company Law of the PRC (中華人民共和國公司法), as enacted by the Standing Committee of the Eighth National People's Congress on 29 December 1993 and effective on 1 July 1994, as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	generally accepted accounting principles in China, including the Accounting Standards for Business Enterprises
"Price Determination Date"	the date, expected to be on or around Monday, 6 July 2015, on which the Offer Price will be determined, and in any event, not later than Tuesday, 14 July 2015
"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Qingyan Tablet"	Golden Throat Lozenge Dule Qingyan Tablet (金嗓子喉寶都樂牌清咽片)

"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the reorganisation of the Group in preparation for the Listing, details of which are set out in the section headed "History and Development – Reorganisation" in this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Rule 144A"	Rule 144A under the U.S. Securities Act
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"Senior Management Trust"	an irrevocable discretionary trust with Mr. ZENG Yong as the settlor for the purposes of recognising and rewarding the contribution and performance of certain Directors and senior management of the Group. Please see the section headed "History and Development" in this prospectus for further details
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Shareholder"	a holder of any Share(s)
"Shares"	ordinary shares in the capital of the Company with a nominal value of US$0.000025 each
"SIPO"	State Intellectual Property Office of the PRC (中華人民共和國國家知識產權局)
"Sole Bookrunner"	Credit Suisse (Hong Kong) Limited
"Sole Global Coordinator"	Credit Suisse (Hong Kong) Limited
"Sole Lead Manager"	Credit Suisse (Hong Kong) Limited
"Sole Sponsor"	Credit Suisse (Hong Kong) Limited

"Stabilising Manager"	Credit Suisse (Hong Kong) Limited
"State", "state" or "PRC government"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
"State Administration of Foreign Exchange" or "SAFE"	State Administration of Foreign Exchange (國家外匯管理局)
"State Administration of Industry and Commerce" or "SAIC"	State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"State Council"	State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement expected to be entered into between the Stabilising Manager and Golden Throat International on or around 6 July 2015 to which the Stabilising Manager or any person acting for it may borrow up to an aggregate of 27,238,500 Shares to, amongst others, cover any over-allocations in the International Offering
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subcontracting Agreement"	the subcontracting manufacturing agreement between Golden Throat Health Food and Lingshan Yufeng dated 1 August 2014
"Takeovers Code"	the Code on Takeovers and Mergers, as published by the SFC (as amended, supplemented or otherwise modified from time to time)
"Track Record Period"	the three years ended 31 December 2012, 2013 and 2014
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States", "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction

"US dollars" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Exchange Act"	the United States Securities Exchange Act of 1934, as amended
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"Vegetable Beverage"	Golden Throat Lozenge Vegetable Beverage (金嗓子喉寶植物飲料)
"Warrantors"	the Company and the Controlling Shareholders
"Weikete"	廣西維科特生物技術有限公司 (Guangxi Weikete Biological Technology Co., Ltd.), a company with limited liability established in China on 7 November 2001 and indirectly controlled by Ms. JIANG Peizhen
"Well-known Trademark"	the trademark of "Golden Throat Lozenge (金嗓子喉寶)" with the registration number 1969118
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of **White Form eIPO** at **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"Yinhualu"	Golden Throat Lozenge Yinhualu (金嗓子喉寶銀花露)
"%"	per cent

In this prospectus, the terms "associate", "close associate", "connected person", "core connected person", "connected transaction", "continuing connected transactions", "subsidiary" and "substantial shareholder" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

"N/A" means not applicable.

Unless otherwise specified, all references to any shareholdings in the Company following the completion of the Global Offering assume no exercise of the Over-allotment Option.

The English names of companies established in China are translations of their Chinese names and are included for identification purposes only. The Chinese names of some of the companies incorporated outside China are translations of their English names and are included for identification purposes only.

This glossary of technical terms contains explanations of certain terms and definitions used in this prospectus in connection with us and our business. As such, these terms and their meanings may not always correspond to the standard industry meaning or usage of these terms.

"Chinese medicines"	medicines whose clinical function and application are expressed in terms of Chinese medicine theories originated from traditional medical practices in China and which are applied in accordance with Chinese medicine theories
"GMP" or "Good Manufacturing Practices"	Good Manufacturing Practice, which are guidelines and regulations from time to time issued pursuant to the Law of the PRC on the Administration of Pharmaceuticals (中華人民共和國藥品管理法) as part of quality assurance to ensure that pharmaceutical products subject to those guidelines and regulations are consistently produced and controlled to the quality and standards appropriate for their intended use
"granules"	a form in which medicines may be delivered for oral ingestion, produced by mixing extracted active medicinal ingredients with supplemental materials or powdered medicines which are formed into dry granules
"GSP" or "Good Supply Practices"	the Good Supply Practice for Pharmaceutical Products (藥品經營質量管理規範) published by the MOH on 22 January 2013 in relation to the management procedures and standards regulating the pharmaceutical products supply chain in China
"isomalt"	異麥芽酮糖醇, Chemical Abstracts Service (CAS) number 64519-82-0, a sugar substitute
"isomaltulose"	異麥芽酮糖, Chemical Abstracts Service (CAS) number 13718-94-0, a sugar substitute
"over-the-counter"	relating to pharmaceutical products which may, upon receiving the CFDA approval, be sold over the counter in China at dispensers, pharmacies or retail outlets without requiring a prescription by a medical practitioner

"tablets"	a form in which medicines may be delivered for oral ingestion, produced by mixing extracted active medicinal ingredients with supplemental materials or powdered medicines

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and our various measures and initiatives to implement these strategies;
- the future competitive environment for the PRC or global pharmaceutical and food industries;
- our dividend policy;
- any capital expenditure plans;
- our operations and business prospects, including development plans for our existing and new businesses, products and services;
- changes in the regulatory environment, including new developments in laws, rules and regulations applicable to us, as well as the general industry outlook for the PRC or global pharmaceutical and food industries; and
- future developments in the PRC or global pharmaceutical and food industries.

The words "aim", "anticipate", "believe", "can", "continue", "could", "estimate", "expect", "going forward", "intend", "may", "ought to", "plan", "potential", "project", "seek", "should", "target", "will", "would", and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors, including, without limitation, the risk factors set forth under the section headed "Risk Factors" in this prospectus and the following:

- general business prospects under economic and political conditions, including macroeconomic policies of the PRC government;
- laws, rules and regulations of the PRC government regarding the pharmaceutical and food industries;
- future developments, trends and conditions in the pharmaceutical and food industries, both within China and globally;
- the amount and nature of, and potential for, future development of our business, including through both organic growth and through third party strategic transactions such as acquisitions and joint ventures;

- our strategies, plans, objectives and goals, and our ability to successfully implement the same;
- our future debt levels and capital needs;
- changes to regulatory or operating conditions in the markets in which we operate;
- our ability to reduce costs;
- our dividend policy;
- capital market developments;
- the actions and developments of our competitors; and
- certain statements in the section headed "Financial Information" in this prospectus with respect to trends in prices, volumes, operations, margins, overall market trends, risk management and exchange rates.

Subject to the requirements of applicable laws, rules and regulations, we do not intend to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section.

In this prospectus, statements of or references to our intentions or that of any of the Directors are made as of the date of this prospectus. Any such intentions may change in light of future developments.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment in the Shares being offered in the Global Offering. You should pay particular attention to the fact that we are incorporated in the Cayman Islands, and our business and operations are conducted substantially in China. We are governed by a legal and regulatory environment which in some respects may differ from that which prevails in other countries. Our business, results of operations and financial condition could be materially and adversely affected if any of the risks described below occur. The trading price of the Shares could decrease due to any of these risks, and you may lose all or part of your investment. For more information concerning the PRC and certain related matters discussed below, please refer to the sections headed "Regulatory Overview" and "Appendix III – Summary of the Constitution of the Company and Cayman Companies Law" in this prospectus.

RISKS RELATING TO THE COMPANY

We depend on a limited number of key products; if we are unable to maintain the sales volumes, pricing levels and profit margins of our key products, our revenues and profitability could be materially and adversely affected.

Our revenue from the sales of our two kinds of key products (namely, Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products) accounted for approximately 97.6%, 98.1% and 96.7% of our total revenue for the years ended 31 December 2012, 2013 and 2014, respectively. Golden Throat Lozenges (OTC), our top product in terms of sales revenue, accounted for 92.4%, 92.4% and 90.6% of our total revenue for the years ended 31 December 2012, 2013 and 2014, respectively. As our revenue is, and we expect will continue to be, concentrated in a limited number of key products, we may be particularly susceptible to factors adversely affecting the sales volumes, pricing levels or profitability of any of our key products. Many factors beyond our control could adversely affect our key products, including changes in consumer preferences, decreases in the supply of or increases in the costs of raw materials, issues with product quality or safety standards, relationships with our existing distributors, intellectual property infringements and existence of counterfeit lozenge products in the PRC lozenge market. Any factor adversely affecting the sales volumes and pricing levels of our key products may cause our revenues and profitability to decline.

If we fail to effectively market and promote our brands, in particular our "Golden Throat (金嗓子)" brand, our business, financial condition and results of operations may be materially and adversely affected.

Our brand name is critical for our success, as we believe market perception of a brand is one of the key factors for consumers to make decisions to purchase the relevant throat remedies products. Our best-selling brand, "Golden Throat (金嗓子)", is critical to the success of our business. For the years ended 31 December 2012, 2013 and 2014, we derived 97.6%, 98.1% and 96.7% of our turnover from sales of products under this brand, respectively. Maintaining and enhancing our brand recognition and reputation depends primarily on the perceived effectiveness and quality of our products, as well as the level of customer satisfaction and loyalty. We have devoted significant resources to launch and maintain various media advertisements in recent years in order to increase and maintain our brand recognition and improve our brand image. If we are unsuccessful in promoting our brand name or fail to maintain our brand culture or brand recognition, market perception and consumer acceptance of our brands may be eroded, and our business, results of operations and prospects may be materially and adversely affected. In addition, negative publicity or disputes, regardless of its veracity, involving our brands or products, the loss of any award or recognition, the deterioration of our relationship with our business counterparties such as our endorsing celebrities, could materially and adversely affect our business, financial condition, results of operations and prospects.

We depend on distributors for most of our turnover. If we fail to maintain relationships with, or monitor the distribution by, our existing distributors or expand our distribution network, or if our distributors fail to obtain or maintain requisite licences, permits or certificates, our business, financial condition or results of operations could be materially and adversely affected.

We sell more than 95% of our products through distributors in China, all of which are independent from us. Distributors are important to our business because they help us gain access to retail outlets through their business relationships, especially in new markets where we do not have an established presence. For the years ended 31 December 2012, 2013 and 2014, turnover from our five largest distributors accounted for 35.8%, 29.1% and 24.8%, respectively, of our total turnover. In line with industry practices in China, we enter into distribution agreements with our distributors for a one-year term. We may not be able to renew our distribution agreements with distributors on favourable terms or at all. Our distributors may not be able to market and sell our products successfully in order to meet their annual sales targets or maintain their competitiveness, or we may not be able to monitor our distributors directly to ensure efficient sales of our products to consumers, or we may not be able to maintain effective control over the distribution of our products. If the sales volumes or pricing structure of our products to our consumers are not maintained at a satisfactory level, our distributors may not place orders for new products from us, may decrease the quantity of their usual orders or may ask for discounts on the wholesale purchase price. Our distributors may also choose to distribute the products of our competitors. The loss of our distributors, or reduced orders from them, could adversely affect our access to consumers, which in turn could hamper our sales volume and turnover. For more information relating to the movement in the number of our distributors during the Track Record Period, please refer to the section headed "Business – Sales, Marketing and Distribution – Relationships with Distributors" in this prospectus. In addition, there are multiple distributors in certain regions who form part of our annual distribution plan, which is decided based on our expected sales target and demand within that region as well as the respective distributors' business relationship, their capacity and geographical advantages. In the event that our distribution plan and sales targets for our distributors are not properly assessed or monitored by us, there may be increased risks of excessive competition between our distributors.

Moreover, if our distributors violate our distribution agreements, such as the provisions against cross selling or the failure to observe the minimum sales prices indicated in our distribution agreements, we might have to terminate the related distribution agreements with the offending distributors. If we decide to terminate our distributors as a result of violations of our distribution agreements, or if the distributors fail to address material violations committed by any of their retailers, our ability to effectively sell our products in a given territory could be negatively impacted. These and similar actions could also negatively affect our brand and product image, possibly resulting in loss of customers and a decline in sales.

Furthermore, the distribution of pharmaceutical products are heavily regulated in China and are subject to various licences, permits and certifications by the PRC government authorities. Amongst others, our distributors are required to obtain and maintain a Good Supply Practices (GSP) certificate for their business operations. The licences, permits and certifications of our distributors may expire from time to time and are subject to periodic renewal. We do not handle the renewal process in respect of our distributors ourselves, which subjects our turnovers to additional factors beyond our control. Application for the requisite renewals, licences, permits or certifications by our distributors are assessed by the relevant government authorities, using standards that may be amended from time to time. We cannot predict how such standards will be amended in the future, and we cannot assure you that all licences, permits or certifications of our distributors currently in place for our products can or will be renewed. Our distributors' inability to obtain or maintain requisite licences, permits or certificates could materially and adversely affect our business, financial condition and results of operations.

Changes in consumer preferences, perception of the effectiveness of our products or demand for herbal lozenges could adversely affect our reputation, revenues and profitability.

Our continued success depends, in large part, upon the popularity of and demand for lozenges based on Chinese herbal medicines. However, consumer preferences and demand may shift away from such products for various reasons, including but not limited to:

- a change in consumers' belief that lozenges based on Chinese herbal medicines may be effective in achieving their claimed benefit;

- a general decrease in consumer preferences for Chinese herbal medicines-based lozenges as compared to other types of products that claim similar benefits, such as western medications;

- negative publicity regarding lozenges based on Chinese herbal medicines or other products that may be associated with ours; and

- negative publicity in relation to any of our raw materials.

In addition, consumers may not regard our lozenge products as effective as competing lozenge products. Shifts in consumer preferences and demand away from lozenge products based on Chinese medicinal herbs in general, and our lozenge products in particular, could materially and adversely affect our business prospects and results of operations.

Furthermore, our products primarily compete with other products on the basis of efficacy, price and general market acceptance by consumers. Our competitors may be able to successfully develop or market effective substitutes for our products. To the extent that our competitors' substitute products are, or are perceived to be, more curative or cost effective, or otherwise gain greater market acceptance than any of our products, our sales volumes and pricing level for the relevant products could deteriorate, which could in turn adversely affect our revenue and profitability.

If our products are not produced to the necessary quality or safety standards, our business and reputation could be harmed, and our revenue and profitability could be adversely affected.

Our products and manufacturing processes are required to meet certain quality and safety standards. We have established a quality control management system and standard operating procedures to help prevent quality issues in respect of our products. Despite our quality control system and procedures, we cannot fully eliminate the risk of errors, defects or failure. Quality defects may fail to be detected or cured as a result of a number of factors, many of which are beyond our control, including:

- manufacturing errors;
- technical or mechanical malfunctions in the manufacture process;
- human error or malfeasance by our quality control personnel;
- tampering by third parties; and
- quality issues with the raw materials or the packaging materials we purchase or produce.

Failure to detect quality defects in our pharmaceutical products or to prevent such defective products from being delivered to end-users could result in consumer injury, product recalls or withdrawals, licence revocation or regulatory fines, or other problems that could seriously harm our reputation and business, expose us to liability, and adversely affect our revenues and profitability.

If we are subject to product liability claims, customer complaints, product contamination or adverse publicity in relation to our products or of similar products sold by other companies, we could be exposed to costs and liabilities, and our reputation, revenues and profitability could be materially and adversely affected.

We are exposed to risks associated with product liability claims, customer complaints, product contamination or adverse publicity as a result of developing, producing, marketing, promoting and selling pharmaceutical products, food products and other products in China in which our products are marketed and sold. Such claims may arise if any of our products are deemed or proven to be unsafe, ineffective, defective or contaminated or if we are alleged to have engaged in practices such as insufficient or improper labelling or advertising of products or providing inadequate warnings or insufficient or misleading disclosures of side effects. We cannot assure you that we will not become subject to product liabilities claims or that we will be able to successfully defend ourselves against any such claims. If we are unable to defend ourselves against such claims in China, amongst others, we may be subject to civil liabilities, administrative sanctions including stoppage of production, confiscation of illegally produced or sold products and illegal revenues, fines and revocation of our business licences, and in extreme cases, criminal penalties.

Other jurisdictions in which our products are, or may in the future be, sold, in particular in more developed markets including the United States, may have similar or more onerous product liability and pharmaceutical and food product regulatory regimes, as well as more litigious environments that may further expose us to the risk of product liability claims. We do not maintain any product liability insurance to cover damages that may arise from product liability claims. Even if we are able to successfully defend ourselves against any such product liability claims, doing so may divert significant management and financial resources.

Moreover, the mere allegation that our products are harmful, whether or not ultimately proven, may adversely affect our reputation and sales volumes. In addition, Liuzhou Jianli is currently responsible for the export and labelling exercise of our products sold overseas, and as a result, such practice might expose us to potential liabilities, as we are not familiar with the relevant overseas regulations. Please refer to the section headed "Business – Sales, Marketing and Distribution – International Marketing, Sales and Distribution" in this prospectus for further details about our international marketing, sales and distribution.

Moreover, we have also recently engaged Lingshan Yufeng to manufacture Golden Throat Lozenge Vegetable Beverages Series Products pursuant to the Subcontracting Agreement. Please refer to the section headed "Business – Manufacturing – Subcontracting Agreement" in this prospectus for further details. We do not have a history of such cooperation in the past, and we do not have significant experience in monitoring the manufacturing of our products under such subcontracting arrangements. Failure to effectively monitor the products under subcontracting arrangement could expose us to liability, and adversely affect our revenues and profitability.

Separately, research reports, findings or publicity that are perceived as negative or that question the safety, efficacy or benefit of similar products sold by other companies could also have a material adverse effect on the effectiveness of our marketing campaigns, the demand for our products and our business and results of operations. Such adverse publicity could arise even if the ineffectiveness of, or the adverse effects associated with, such products resulted from consumers' failure to consume such products appropriately or as directed. Unfavourable publicity of similar products sold by other companies, even if unfounded, will have an adverse impact on our business and our brand and lead to greater scrutiny of our products by the regulatory authorities and possibly regulatory actions restricting our ability to advertise or sell our products.

Our right to use the Well-known Trademark, Ms. JIANG Peizhen's portrait and other related trademarks are licensed from Ms. JIANG Peizhen or her controlled companies; accordingly, if a third party successfully challenges Ms. JIANG's ownership of, or our right to use, the relevant trademarks or if we are unable to stop unauthorised use of such trademarks, our business, financial condition and results of operations may be materially and adversely affected.

We entered into a trademarks licensing agreement and a portrait licensing agreement with Peizhen Investment and Ms. JIANG, respectively, on 24 June 2015, under each of which the Company and Golden Throat Company have been granted with an exclusive licence, subject to certain terms and conditions, to use the Well-known Trademark, Ms. JIANG Peizhen's portrait and other related trademarks. The annual licence fee is for free. The initial term of both licences is 50 years, and both licences will be renewed automatically for successive terms of 50 years upon the expiry of each term. Ms. JIANG has no right to terminate or revoke either the trademarks licensing agreement or the portrait licensing agreement without our prior written consent. For further details about the term and termination events under the trademarks licensing agreement and portrait licensing agreement, see the section headed "Connected Transactions – Continuing Connected Transactions – Exempt Continuing Connected Transactions" in this prospectus. We believe our intellectual property rights are vital to the success of our business operations.

If a third party successfully challenges Ms. JIANG's ownership of, or our right to use, the Well-known Trademark, Ms. JIANG's portrait or other related trademarks, our business, financial condition and results of operations may be materially and adversely affected. We are also exposed to the risk that third parties may use the Well-known Trademark, Ms. JIANG's portrait or other related trademarks without authorisation.

We are limited in our current production capacity for certain key products; if we fail to complete the acquisition of a new plot of land in Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region or increase our production capacity, our business prospects could be materially and adversely affected.

As of 31 December 2014, the utilisation rates of our Golden Throat Lozenges (OTC) production lines, internal packaging lines and external packaging lines were 51.6%, 75.2% and 99.4%, respectively. Our external packaging facilities for our Golden Throat Lozenges (OTC) products which are currently located at our Liuzhou Facility #1 operate at 16 hours per day and those which are located at our Liuzhou Facility #2 and Laibin Facility operate at eight hours per day. In order to increase our production capacity, we considered the possibility of increasing the number of shifts per work day for the Laibin Facility by employing more staff locally but are of the view that it would not be a satisfactory long-term solution from a cost perspective, as there is currently a shortage of labour with the relevant experience and qualifications. If we relocate our key staff from our headquarters, we would incur additional relocation compensation and hence labour costs. We rely on these production lines and packaging lines for the manufacture of all of our key products. If demands for these products continue to increase, our ability to further increase our production volumes is limited, particularly due to the limitation of our external packaging capacity. We plan to increase our production capacities by acquiring a new plot of land in Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region and constructing a new medicines production and research and development base, to meet demand for our products. Please refer to the section headed "Business – Future Expansion and Upgrade Plan" in this prospectus for further details of our plans to increase our production capabilities.

However, our ability to successfully implement our expansion plan for increasing our production capacities is subject to a number of risks and uncertainties, including our ability to complete the acquisition of the new plot of land in Luowei or at any alternative site through the public tender, auction and listing-for-sale process and obtain the requisite permits, licences and approvals for the construction and operation of the new production base, the risk of construction delays and delays in equipment procurement, as well as our ability to timely recruit sufficient qualified staff to support the increase in our production capacity. Consequently, although our PRC legal adviser has advised us that there should not be any legal impediment in completing the acquisition of this new plot of land in Luowei, we cannot assure you that we will be able to increase our production capacities in the manner we contemplate, or at all. In the event that we fail to complete the acquisition of the new plot of land and as a result, need to identify an alternative site for replacement, we cannot assure you that we could locate such alternative site in a timely manner or at a reasonable cost. In the event we fail to increase our production capacities, we may not be able to capture the expected growth in demand for our key products, which could materially and adversely affect our business prospects. Moreover, our acquisition of the new plot of the land or the alternative site and our plan to increase our production capacities require significant capital investment, and the actual costs of our expansion plan may exceed our original estimates, which could materially and adversely affect the return on our expenditure.

We might be susceptible to claims that our pharmaceutical products are not as effective as we claim.

Our marketing campaigns rely heavily on the assertions and implications that our pharmaceutical products will have particular curative effects. For example, we claim that our Golden Throat Lozenges (OTC) can help to relieve symptoms of sore and dry throat and hoarse voice caused by acute pharyngitis. If consumers or media claim our pharmaceutical products are not as effective as we claim them to be, we may incur legal and financial costs and liabilities and suffer damages to our brands and reputation. Furthermore, some of our competitors may aggressively use these claims against us. Defending such claims could be costly and time-consuming and may divert financial and other resources away from our business and operations. In addition, the medical effectiveness stated on our pharmaceutical products is subject to periodic regulatory review, and any changes in regulations on regulatory review standards, as well as any unfavorable new regulatory findings, may result in certain medical effectiveness assertions and implications not being recognised. As a result, our brand, reputation, business, financial condition and results of operations may be materially and adversely affected.

We depend on a limited number of suppliers for raw material for our products, and we have not entered into long-term supply contracts with most of our raw material suppliers.

We depend on a limited number of suppliers for raw materials for our products, and with most of these suppliers, our contracts are entered into on a per transaction or an annual basis. For the years ended 31 December 2012, 2013 and 2014, we purchased an aggregate amount of raw materials from our top five suppliers of RMB115.6 million, RMB54.8 million and RMB78.9 million, respectively, representing approximately 71.7%, 67.0% and 73.9%, respectively, of our total purchases of raw materials. The availability and prices of raw materials required for our manufacturing processes may be impacted by factors such as general market conditions, demand and supply for the relevant raw materials, the financial condition of suppliers, weather conditions and the occurrence of natural disasters. Our reliance on a limited number of suppliers (in particular, suppliers for isomalt) may expose us to the risk of unexpected price increases for purchases of, or shortage in supply of, raw materials. We cannot assure you that our suppliers will continue to supply raw materials at prices and on terms and conditions acceptable to us and we may not be able to pass on any future raw material price increases to our customers, any of which may have a material adverse effect on our results of operations.

We may not be able to accurately track the sales and inventory levels of our distributors, which could cause us to predict sales trends incorrectly.

We have a regular system to track the sales of our products by our distributors. We request our distributors with which we have contractual relationships to compile sales information setting forth the quantity and prices of our products being sold by each distributor. Our local sales personnel conduct regular scheduled and unscheduled site visits, generally on an annual basis for distributors, to inspect our distributors' inventory to verify the sales information provided by our distributors. In addition, we also evaluate the orders placed by our distributors annually to ensure that orders from our distributors are consistent with their past demands to avoid any excessive accumulation of inventory at our distributors. However, these actions may not be as effective as we expect in tracking the inventory levels of our distributors. As we usually do not enter into agreements with the retail outlets directly, our ability to accurately track the sales of our products by the retail outlets to consumers is limited. As a result, our sales to distributors may not be reflective of actual sales trends to consumers and we may not be able to timely gather sufficient information and data regarding the market acceptance of our products and consumers' preferences in relation to our products. The failure to accurately track sales and inventory levels of our distributors and timely gather market information may cause us to incorrectly predict sales trends and impede our ability to timely adjust our marketing and product strategies in response to market changes.

Any failure to develop and introduce new products or gain market acceptance of our new products could have a negative effect on our business.

The future growth of our business may be significantly dependent on our ability to successfully bring new products to market and grow sales from those new products. We plan to officially launch our Golden Throat Lozenge Vegetable Beverages Series Products (including sugar-free series) to the market in the second half of 2015, and we intend to develop and introduce more new products into the market as we expect the demand for pharmaceutical and food products continue to grow.

Due to the rapidly changing nature of the pharmaceutical and food product market in China, our research and development team may not be successful in identifying trends in consumer preferences and developing new products that respond to such trends in a timely manner. In addition, as the development cycle for our pharmaceutical products is relatively long, lasting up to six years or more, it is difficult for us to predict whether we will be able to obtain the CFDA approval and other relevant regulatory approvals, including approvals for related advertisements, for our new products early in the development cycle. Furthermore, we are increasingly developing more food products, and our brand is not necessarily known for such products. Accordingly, there are uncertainties about marketing and customer acceptance of such new products.

Even if we obtain the relevant regulatory approvals, identifying appropriate market opportunities and bringing our new products to market may take considerable time, and our new products may fail to be successfully commercialised. Product candidates that appear to be promising at their early phases of research and development may fail to gain market acceptance as expected, or at all. The success of our new products depends on a number of factors, including our ability to accurately anticipate changes in market demand and consumer preferences, our ability to differentiate the effectiveness and quality of our products from those of our competitors, and the effectiveness of our marketing and advertising campaigns for our new products. Moreover, we may incur significant costs and expenses relating to product development, obtaining the relevant regulatory approvals and marketing and distributing each of the new products we launch. Significant amount of advertising and marketing expenses may be associated with the launch of our new products which may have a short-term impact on our financial performance.

Any delay or failure to develop and introduce new products that would gain market acceptance may materially and adversely affect our business and our ability to compete effectively. In addition, any failure of new products, especially those using our "Golden Throat (金嗓子)" brand, could negatively affect market perceptions of our existing products. If our new products fail to gain market acceptance, are restricted by regulatory requirements, or have quality problems, we will not be able to fully recover our costs and expenses incurred in the product development and marketing process and our business prospects, financial condition and results of operations may be materially and adversely affected.

We may fail in expanding into new markets, which may materially and adversely affect our results of operations.

Our plan to expand the geographical coverage of our retail and distribution businesses may involve investments in our sales and distribution network in China and overseas, which may strain our financial, managerial and operational resources. Historically, we have primarily distributed to the large, medium and small cities of China. When suitable opportunities arise, we may consider expanding our operations into the rural areas of China. Expanding into new geographical locations involves uncertainties and challenges as we are less familiar with local regulatory practices and customs, consumer preference and behaviour, business practices and business environments.

Should we choose to expand into rural areas of China, we cannot assure you that we would be able to overcome challenges posed by such new markets, including the successful expansion of our distribution network into such markets, as well as successfully building a marketing campaign targeted at the relevant customers. In addition, as we may face challenges not previously encountered, we may fail to recognise or properly assess risks or take full advantage of opportunities, or otherwise fail to adequately leverage our past experience to meet new challenges. Furthermore, expanding into new geographical locations requires a significant amount of capital and management resources. As a result, we may not be able to manage such growth in a cost effective manner or maintain our profit margins. Failure to effectively manage our growth could have a material adverse effect on our business, financial condition and results of operations and could jeopardise our ability to implement our business strategies and maintain our market position.

Our business depends on our key senior management members; if we lose and are unable to replace their services, our business prospects could be adversely affected.

Our business and growth depend on the continued service of the Directors and senior management team as they are expected to play an important role in guiding the implementation of the Group's business strategy and future plans. In particular, the industry experience, management expertise and contributions of the executive Directors and other members of our senior management are crucial to our success. If we lose the services of any of the executive Directors or any member of our senior management, we may be unable to recruit a suitable or qualified replacement and may incur additional expense to recruit and train new personnel, which could disrupt our business and growth. Furthermore, as we expect to continue expanding our operations and product portfolio, we will need to continue attracting and retaining experienced management personnel with extensive managerial, technical, research and development or sales and marketing experience. Competition for experienced management personnel in the pharmaceutical and food industries is intense, and the availability of suitable and qualified candidates in China is limited. Competition for these individuals could cause us to offer higher compensation and other benefits in order to attract and retain them, and consequently increase our operating costs. We may be unable to retain the senior management members required to achieve our business objectives, and failure to do so could jeopardise our business prospects.

We are subject to risks associated with our international businesses and operations.

We derive a portion of our revenue from international sales. For the years ended 31 December 2012, 2013 and 2014, our revenue from our sales to customers outside China amounted to RMB5.6 million, RMB5.2 million and RMB8.1 million, representing 1.0%, 1.0% and 1.3% of our total revenue, respectively. We aim to expand our international sales. As a result, we are subject to a variety of risks and uncertainties associated with international sales, including:

- reliance on Liuzhou Jianli to distribute our products into international markets;
- compliance with foreign laws, regulatory requirements and local industry standards, in particular, those related to pharmaceutical and food products;
- exposure to increased litigation risks in overseas markets;
- political and economic instabilities;
- foreign exchange rate exposure and the risk of foreign exchange control;
- unfamiliarity with local operating and market conditions;
- cultural and language difficulties;
- competition from local companies;
- lack of control or monitoring of foreign distributors;
- foreign taxes; and
- potential disputes with foreign distributors and difficulty in managing relationships with foreign customers.

Any of the foregoing and other risks and uncertainties could adversely affect our international operations and result in reduced revenue from our international sales, which in turn could adversely affect our financial condition and results of operations.

The existence of counterfeit lozenge products in the PRC lozenge market may damage our brand and reputation and have a material adverse effect on our business, financial condition, results of operations and prospects.

Some lozenge products distributed or sold in the PRC pharmaceutical market may be counterfeit, as these lozenge products were manufactured without proper licences or approvals. They might also have been fraudulently mislabelled with respect to their content and/or manufacturer. Such counterfeit lozenge products are generally sold at lower prices than authentic lozenge products due to their lower production costs, and in some cases are very similar in appearance to the authentic lozenge products. Counterfeit lozenge products may or may not have the same chemical content as their authentic counterparts. The regulatory control and enforcement system with respect to counterfeit lozenge products in China is not able to completely eliminate the production and sales of such products. Any illegal sale of counterfeit lozenge products by others under our brand names with respect to lozenge products may subject us to negative publicity, reputational damage, fines and other administrative penalties or even result in litigation against us. Moreover, the appearance of counterfeit lozenge products in China in recent years may reinforce the negative image in general of all lozenge products manufacturers, distributors and retailers among consumers in China, and may severely harm the reputation and brand names of companies like us.

Furthermore, consumers may buy counterfeit lozenge products that are in direct competition with our lozenge products. As a result of these factors, the continued proliferation of counterfeit lozenge products in China could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our marketing activities are critical to the success of our products, and if we fail to maintain or grow our marketing capabilities or if our marketing campaign does not complement our expansion strategy, the market share, brand name and reputation of our products could be materially and adversely affected.

The success and lifespan of our products depend to a significant extent on the effectiveness of our marketing activities. We use television commercials and sponsorship of television programmes as a primary marketing tool. In addition, we often use a combination of different media in a target market to ensure broad coverage and penetration of our advertisements, such as newspapers, magazines, public transportation displays and other public areas and the internet. We also organise frequent in-store marketing and promotional activities, and we require our distributors to strictly follow the product display policy designed by us to ensure easy and consistent identification of our brands and products. These various marketing activities are critical to the success of our products. However, our ability to maintain or grow our marketing capabilities can be adversely affected by various factors, such as our ability to efficiently purchase and effectively manage media resources and government regulations on our advertisements. For more details, please refer to the section headed "Risk Factors – The pharmaceutical and food industries in China are highly regulated, and future government regulations may place additional burdens on our business as well as have a material adverse effect on our financial condition, results of operations and prospects" in this prospectus.

Furthermore, the marketing activities of our competitors could seriously harm our business and the effectiveness of our marketing activities. Any factors adversely affecting the scale and effectiveness of our marketing capabilities may have an adverse effect on the market share, brand name and reputation of our products. In addition, significant increases in our marketing expenses, whether due to market factors or otherwise, may adversely impact our profitability.

We may incur significant costs on celebrity endorsements related marketing efforts, and such marketing campaigns may not be effective in attracting or retaining consumers.

We plan to continue to engage celebrities to promote our brands and products. However, we cannot assure you that any of our celebrity endorsements or advertisements will remain effective, that any of these celebrities will remain popular or that any of their images will remain positive and compatible with the messages that our brands and products aim to convey. For instance, our current contract with Mr. Ricardo Izecson dos Santos Leite (also known as Kaká), will expire in July 2016, and we may not be able to renew this contract after its expiry. Furthermore, we cannot assure you that we can successfully find suitable celebrities to replace any of our existing celebrity endorsements if any of them loses popularity or is not able or willing to continue to act as our celebrity endorsements, and termination of such engagements may have a significant impact on our brand images and future sales of our products. If any of these situations occurs, our business, financial condition and results of operations could be adversely affected.

Third parties may infringe upon our intellectual property rights, or we may be subject to claims of alleged infringement on the intellectual property rights of others.

Our trademarks and other intellectual properties are important to our business operations. We and/or the Controlling Shareholders and their associates rely on trademark and copyright laws and confidentiality agreements with our employees and distributors to protect our intellectual property rights. However, it may be possible for third parties to obtain and use our intellectual property without authorisation. Any unauthorised use of our intellectual properties by third parties may materially and adversely affect our business and reputation.

Conversely, we may be subject to claims of alleged infringement or violations of the intellectual property rights of others. During the Track Record Period, we did not have any claims against us for violations of third party intellectual property rights. However, we cannot assure you that this will not occur in the future. An adverse determination in any such litigation or proceeding to which we may become a party could cause us to (i) pay damages, (ii) seek licences from third parties, (iii) pay ongoing royalties, (iv) redesign our product offerings, or (v) be restricted from selling certain of the products by injunctions. Any litigation or proceeding involving us, with or without merit, may be costly and unpredictable and cause a material and adverse effect on our business, financial condition and results of operations.

The majority of our production facilities are located at one single location, and any natural disaster or other event affecting these facilities or our failure in our strategies to locate to a new medicines production and research and development base may severely disrupt our business.

The majority of our production facilities are located at a single location in Liuzhou, Guangxi Zhuang Autonomous Region. There are no backup facilities for such production facilities. We do not have a formal business continuity or disaster recovery plan. In the event of an earthquake, fire, drought or flood or other natural disaster, political instability, localised extended outages of critical utilities or transportation systems, terrorist attack or other event that limits our ability to operate these facilities, we may need to incur substantial additional expenses to repair or replace the damaged equipment or facilities, our ability to manufacture and supply products and our ability to meet our delivery obligations to our distributors would be significantly disrupted, and our relationships with our distributors and suppliers could be damaged, in which case our business, results of operations and financial condition would be adversely impacted.

We consider the formulae for our products to be important trade secrets and know-how, and our ability to compete could be harmed if any such trade secrets and know-how are disclosed to third parties.

Our products are produced using our proprietary formulae. We have kept these formulae as our trade secrets and know-how. We have entered into confidentiality agreements with all personnel who have knowledge of our proprietary formulae. In addition, our employee handbook, which is distributed to all of our employees, sets forth the employee's obligation to keep confidential our trade secrets and proprietary information. We are entitled to terminate the employment of any employee that materially breaches his or her obligations under the employee handbook. Our employees, consultants, contractors or scientific and other advisers (or those of the research institutions with which we have collaborations) may, however, unintentionally or willfully disclose our formulae to our competitors. Moreover, even if we were to obtain a judgment against the violating party, the judgment may be insufficient to remedy the harm done to us by the disclosure, and we may face difficulty enforcing such judgment in China in practice. Accordingly, the confidentiality agreements entered into by the foregoing persons might not provide meaningful protection for our formulae or other proprietary information in the event of unauthorised use or disclosure. Therefore, our proprietary formulae may be obtained by a competitor or another third-party, or products using similar formulae may be developed or marketed by such persons. Consequently, we may lose our market share, and our business, financial condition and results of operations may be materially and adversely affected.

The implementation of our strategies and other aspects of our business will require significant funding and may lead to higher depreciation of our fixed assets. Any failure by us to raise additional capital on terms favourable to us, or at all, could limit our ability to grow our business, which in turn could hamper our business prospects.

The implementation of many aspects of our strategies will require significant funding, including:

- the expenses associated with expanding our sales and distribution network in China and overseas;
- the expenses associated with developing and marketing our new products in China and overseas; and
- the capital expenditure required to increase and make upgrades and enhancements to our production capacity (including, amongst others, the capital expenditure required to acquire a new plot of land in Liuzhou, Guangxi Zhuang Autonomous Region for the purpose of constructing a new medicines production and research and development base), which may lead to higher depreciation of our fixed assets compared with that during the Track Record Period.

In addition, many aspects of our general business operations have on-going funding requirements that may increase over time.

We believe that our current cash and cash equivalents, cash flow from operations and the proceeds from the Global Offering should be sufficient to meet our anticipated capital needs for the foreseeable future. We may, however, need to sell additional equity or debt securities or obtain a credit facility if our expenditures exceed our current expectations. The sale of additional equity securities could result in dilution to the Shareholders. The incurrence of indebtedness would result in increased debt service obligations and could require us to agree to operating and financing covenants that would restrict our operations. Financing may not be available in amounts or on terms acceptable to us, if at all. Any failure by us to raise additional funds on terms favourable to us, or at all, could limit our ability to grow our business and develop or enhance our product offerings to respond to market demand or competitive challenges.

Over the long term, we expect that the implementation of our strategy and business plans will require us to rely in part on external financing sources. However, our ability to continue to obtain external financing on commercially reasonable terms will depend on a number of factors, many of which are beyond our control, including our financial condition, results of operations and cash flows, China's economic condition, industry and competitive conditions, interest rates, prevailing conditions in the credit markets and government policies on lending. If we cannot obtain sufficient external funding on commercially acceptable terms to implement our strategies and business plans as currently contemplated, we could be required to revise our strategies and business plans, which could materially and adversely affect our business prospects.

We have limited insurance coverage, which could expose us to significant costs and business disruption.

As of the Latest Practicable Date, we maintained various insurance policies, including property all risks insurance, vehicle all risks insurance, group life insurance and employer's liability insurance. Please refer to the section headed "Business – Insurance" in this prospectus for further details of our insurance coverage. If we experience product liability claims or disruptions to our business, we might incur substantial costs and diversion of resources, which may not be fully covered by insurance. In addition, there are certain types of losses, such as losses from war, acts of terrorism, earthquakes, typhoons, flooding and other natural disasters for which we cannot obtain insurance at a reasonable cost or at all. Should an uninsured loss or a loss in excess of insured limits occur, we could suffer financial losses, lose all or a portion of our production capacity, as well as future revenue anticipated to be derived from the manufacturing activities conducted at that property. If we experience uninsured losses or losses in excess of our insurance coverage, it could adversely affect our financial condition and results of operations.

Our change of business strategy with respect to our key products could affect our sales volumes, pricing levels and profit margins, and our revenues and profitability could be materially and adversely affected.

Due to our recent change of business strategy, we upgraded our manufacturing facilities and temporarily slowed down our manufacturing and distribution of Golden Throat Lozenges (OTC) from May to July 2013 in order to upgrade the packaging for such products, during which time we also introduced new prices for our new products. Revenue derived from our sales of Golden Throat Lozenges (OTC) decreased by RMB36.4 million, or 6.7%, from RMB543.4 million in 2012 to RMB507.0 million in 2013. The number of Golden Throat Lozenges (OTC) sold for each of the years ended 31 December 2012, 2013 and 2014 was 2,570.0 million, 1,995.2 million and 1,524.0 million, respectively. For further details, please refer to the section headed "Financial Information – Year to Year Comparison of Results of Operations – Year ended 31 December 2013 compared with year ended 31 December 2012" in this prospectus. Such temporary slowdown of production and distribution or price increases of our key products could adversely affect our revenues and profitability. Our change of business strategy with respect to our key products might relatively affect our sales volumes, pricing levels and profit margins, and as a result, our revenues and profitability could fluctuate or be materially and adversely affected.

We have not obtained the building ownership certificates in respect of certain buildings at our Liuzhou and Laibin facilities.

In China, the ownership of a building shall be evidenced by the building ownership certificate issued by competent governmental authority after the applicant completes the whole construction process in compliance with relevant laws and regulations.

We have not obtained the building ownership certificates in respect of certain buildings at our Liuzhou and Laibin facilities with a gross floor area of approximately 11,354.0 square metres. They primarily house a canteen in our Liuzhou facilities and manufacturing facilities, warehousing facilities and offices in our Laibin facility. Please refer to the section headed "Business – Properties" in this prospectus for further details of the relevant details of the size, use and location of our Liuzhou and Laibin facilities with title defects.

Our PRC legal adviser has advised us that we may be required by the PRC building authorities to cease occupancy of the relevant properties or we may be required to demolish these properties. If we are required by the relevant PRC authorities to cease occupancy or demolish these properties and if we fail to find alternative replacement sites in a timely manner and on terms acceptable to us, our operations and financial results may be adversely affected.

Changing the packaging of certain of our products may have an adverse effect on our business, financial condition and operating results.

As a gesture of our appreciation of Mr. WANG Yaofa's (王耀發) contribution to the development of the formula of Golden Throat Lozenges (OTC), we had historically used Mr. WANG Yaofa's portrait in the packaging of certain of our products for a long period of time. In preparation for the Listing and also to show our appreciation of Ms. JIANG Peizhen's contribution to our success and to be in line with our long-term development, we have been in the process of changing the packaging of Golden Throat Lozenge Series Products (apart from American ginseng (西洋參) flavour) and Golden Throat Lozenges (OTC) to replace Mr. WANG Yaofa's portrait with Ms. JIANG Peizhen's portrait since March and June 2015, respectively. Our Golden Throat Lozenge Series Products (American ginseng (西洋參) flavour) and Yinxingye Tablet (銀杏葉片) are currently using Mr. WANG Yaofa's portrait, and we intend to replace this portrait with Ms. JIANG Peizhen's portrait on such products in August and September 2015, respectively. We intend to replace all of our remaining products containing Mr. WANG Yaofa's portrait with Ms. JIANG Peizhen's portrait by the end of 2015.

We cannot assure you that our products with the new packaging will be able to remain as competitive as the ones with the old packaging, with which our customers have been familiar for a number of years. If our customers do not readily recognise or accept our products with the new packaging, our sales may decline. Failure to meet our customers' demands and changing needs, or to make corresponding adjustments in a timely manner in response to consumer preferences may materially and adversely affect our market share. This may in turn adversely affect our business, financial condition and operating results.

The unavailability of any favourable regulatory treatment, particularly government grants and preferential income tax rates, could materially and adversely affect our business, financial condition and results of operations.

We enjoy certain favourable regulatory treatments, particularly government grants, which are offered by relevant governmental authorities. In 2012, 2013 and 2014, the total amount of government grants we received amounted to approximately RMB12.6 million, RMB11.8 million and RMB11.3 million, respectively, which represented 12.3%, 16.9% and 9.3% of our net profit, respectively. Please refer to the section headed "Financial Information – Description of principal consolidated statements of profit or loss and other comprehensive income items – Other Income and Gains" in this prospectus for details.

It is in the government's sole discretion, subject to applicable PRC laws and regulations, to decide whether and when to provide government grants to us. We cannot assure you that we will be able to receive government grants in the future. Furthermore, although we believe that government grants are provided by authorities in compliance with current policies, laws and regulations in China, we face uncertainty relating to the availability of government grants due to potential unexpected changes in the PRC policies, laws and regulations. As government grants contribute significantly to our profitability, if we are unable to obtain or maintain government grants or any other favourable treatments in the future, we may experience decreases in profitability, and our business, financial condition and results of operations could be affected.

In addition, our subsidiaries Golden Throat Company and Golden Throat Pharmaceutical are qualified as companies under the development strategy of China's western region and were able to enjoy a preferential income tax rate of 15% during the Track Record Period. The current preferential income tax policy concerning the development strategy of China's western region promulgated by the related PRC governmental authorities is effective until 31 December 2020. We cannot assure you that Golden Throat Company and Golden Throat Pharmaceutical will continue to obtain such preferential treatment under the renewed development strategy of China's western region after 2020 or such preferential income tax policy in connection with the development strategy of China's western region will be continued, and accordingly, our business, financial condition, results of operations and prospects could be adversely affected.

RISKS RELATING TO OUR INDUSTRY

We may not be able to fully comply with applicable GMP or other regulatory requirements or renew our GMP certifications and other permits and licences which enable us to conduct our business. Non-compliance with, changes in or amendments to these regulatory requirements could have a material adverse effect on our business, financial condition and results of operations.

All pharmaceutical and food manufacturing, distribution and retail companies in China are required to obtain certain permits and licences from various PRC governmental authorities, including GMP certifications for manufacturing and certain other permits and licences which enable them to conduct their business. For details regarding certain key permits and licences relating to our business operations in general, please refer to the section headed "Regulatory Overview – Manufacture" in this prospectus. We have obtained permits, licences and GMP certifications required for the manufacture of our pharmaceutical and food products. These permits, licences and certifications held by us are generally valid for a maximum period of five years and are subject to periodic renewal and/or reassessment by the relevant PRC government authorities. We intend to apply for the renewal of these permits, licences and certifications when required by applicable laws, rules and regulations. However, the standards of such renewal or reassessment may change from time to time. We cannot assure you that we will be able to successfully renew all of these permits, licences and certifications. Any inability to renew any permits, licences or certifications that are material to our operations could severely disrupt, as well as prevent us from conducting, our business. Furthermore, if any interpretation or implementation of the relevant regulations or new regulation requires us to obtain additional permits, licences or certifications, we cannot assure you that we will successfully obtain them. Even if we obtain such permits, licences or certifications, there may be significant additional costs and expenses involved, which may adversely affect our results of operations.

For example, our pharmaceutical manufacturing business is required to comply with GMP standards and certain other regulatory requirements, including manufacturing process or product quality and safety standards, as well as corresponding maintenance, recordkeeping and documentation standards. In addition, our manufacturing facilities must be approved by the relevant regulatory authorities before we may use these facilities to commercially manufacture products. GMP and other regulatory standards may also change from time to time, which may result in substantial compliance burdens and additional costs on our operations. If we fail to comply with applicable regulatory requirements, including manufacturing and transportation processes or product quality and health and safety standards, at any stage during the manufacturing and transportation process, we may be subject to sanctions by both the PRC regulators and regulators in other countries where we conduct manufacturing business or sell our pharmaceutical products, including:

- monetary penalties;
- product recalls or seizure;
- injunctions;
- refusal of regulatory agencies to review pending manufacturing approval applications or supplements to approval applications;
- total or partial suspension of production or sales;
- confiscation of products;
- withdrawals, revocation or non-renewal of approvals, licence or permits previously issued; and
- criminal prosecution.

Moreover, we are subject to regular inspections, examinations, inquiries and audits by the regulatory authorities as part of the process of maintaining or renewing the various permits, licences and certifications required for manufacturing and distributing pharmaceutical products. In the event that any of our products or facilities fails such inspections, our business, reputation and prospects could be materially and adversely affected.

We operate in highly competitive industries, and our business, financial condition and results of operations may be materially and adversely affected if we are not able to compete effectively.

Each of the pharmaceutical manufacturing and food manufacturing industries is highly competitive, and we face intense competition in each of our product segments. Our pharmaceutical and food products may lose their market appeal as lower-priced products become available, as similar or new products are introduced or as other technological advances and developments render our products obsolete or less effective. In particular, the majority of revenue in our pharmaceutical manufacturing business was derived from sales of our Golden Throat Lozenges (OTC) products during the Track Record Period. For the years ended 31 December 2012, 2013 and 2014, sales of our Golden Throat Lozenges (OTC) products accounted for 92.4%, 92.4% and 90.6%, respectively, of our total revenue. Since we have applied for the patent of the formula for Golden Throat Lozenges (OTC) and as a result, patent registration in China involves publication of the relevant details of the subject of the patent, we cannot preclude any third party from offering similar products at more competitive prices. Competition in the market segment for many of is intense. Our key competitors are large domestic pharmaceutical and food manufacturing companies, who might have greater financial resources and whose products could have similar curative and healthcare effects and can be used as substitutes for our products. Please refer to the section headed "Business – Competition" in this prospectus for additional information.

The pharmaceutical and food industries in China are highly regulated, and future government regulations may place additional burdens on our business, as well as have a material adverse effect on our financial condition, results of operations and prospects.

The pharmaceutical and food industries in China are subject to extensive government regulation and supervision. In particular, the regulatory frameworks address all aspects of a company's operations, including approval, production, licensing and certification requirements and procedures, periodic renewal and reassessment processes, registration of new drugs, quality control, labelling, pricing and marketing of pharmaceutical products and environmental protection. Violation of these laws, rules and regulations may also constitute a criminal offense under certain circumstances and could have a material adverse effect on our business and reputation, as well as our financial condition, results of operations and prospects. Certain other laws, rules and regulations may also affect the pricing, demand and distribution of our products, such as those relating to pricing, procurement, prescription and dispensing of essential and other drugs by public hospitals and other medical institutions, and government funding for individual healthcare and pharmaceutical services. Furthermore, PRC governmental authorities have introduced certain new regulatory measures in recent years, and have announced plans to implement additional rules and regulations with respect to the pharmaceutical industry. These new regulatory measures and future government regulations may lead to significant changes in the PRC pharmaceutical and food industries and could result in additional costs and lower profit margins for pharmaceutical and food manufacturers, distributors and retail pharmacies, as well as materially decrease the demand and reduce the pricing of pharmaceutical products and services.

Our key product Golden Throat Lozenges (OTC) has been and is still under the governmental price control catalogue of Guangxi Zhuang Autonomous Region, and we are free to set our prices for this product. No fixed or maximum retail prices have been historically promulgated by any authorities in China on Golden Throat Lozenges (OTC). For further information, please refer to the section headed "Regulatory Overview – Other Related Regulations in the PRC Pharmaceutical Industry – Price Controls" in this prospectus. However, we cannot assure you that the drug price control management system in China would not be further regulated. If the government introduces any new governmental drug price control policies on drugs in the future, our flexibility to set our own price for this product may be adversely affected. This in turn could limit the prices at which we can sell the relevant products to our distributors, and accordingly may have a negative effect on our business and financial performance.

In addition, many initiatives taken, or to be taken, by the PRC government under the ongoing healthcare reform plan are expected to significantly contribute to the growth of the pharmaceutical industry. For example, a significant portion of the government investment under the ongoing healthcare reform plan will be applied towards subsidising patients' purchase of drugs. We cannot assure you, however, that the relevant PRC governmental authorities will continue to introduce favourable policies. On the other hand, the relevant PRC government authorities may also introduce policies that are unfavourable to the industry. Termination of or material alterations to any favourable policies, or introduction of any unfavourable policies, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Furthermore, we cannot assure you that the PRC government will not impose additional or stricter laws or regulations on food safety and hygiene in the future, providing for stricter and more comprehensive monitoring and regulations of food manufacturers and distributors in areas including, but not limited to, food production and distribution, which may lead to an increase in our compliance costs. We may not be able to pass these additional costs onto our customers, which may result in an adverse effect on our results of operations.

We are subject to environmental regulations and may be exposed to liability and potential costs for environmental compliance.

We are subject to PRC laws, rules and regulations concerning environmental protection, including the discharge of solid waste, waste gas and waste water during our manufacturing processes, and we may become subject to similar laws, rules and regulations in other jurisdictions in the future. In addition, we are required to obtain clearances and authorisations from government authorities for the treatment and disposal of such discharge. The costs we incurred for environmental protection may materially increase our total costs and decrease our profit. We cannot assure you that we will be able to comply fully at all times with applicable environmental laws, rules and regulations. Any violation of these laws, rules or regulations may result in substantial fines, criminal sanctions, revocations of operating permits, shutdown of our production facilities and obligations to take corrective measures.

Furthermore, the PRC government may take steps towards the adoption of more stringent environmental regulations. Due to the possibility of unanticipated regulatory or other developments, the amount and timing of future environmental expenditures may vary substantially from those currently anticipated. If there is any change in the environmental regulations, we may need to incur substantial capital expenditures to install, replace, upgrade or supplement our pollution control equipment, take additional protective and other measures against potential contamination or injury caused by waste materials or make operational changes to limit any adverse impact or potential adverse impact on the environment. If these costs become prohibitively expensive, we may be forced to curtail or cease certain aspects of our pharmaceutical manufacturing business. In addition, any significant environmental-related liabilities could materially and adversely affect our financial condition and results of operations.

Any non-compliance with the anti-bribery and anti-corruption laws by our employees or parties who have a business relationship with us may materially and adversely affect our business operations.

The pharmaceutical industry is subject to anti-bribery and anti-corruption laws and regulations. In China, where we operate substantially all of our business, we must strictly comply with the regulations set forth by PRC criminal laws and other applicable laws and regulations, which prohibit companies and their intermediaries from making improper payments to government officials or other parties for the purpose of obtaining or retaining business. We have internal controls and procedures in place to monitor internal and external compliance with anti-corruption laws, regulations and policies. However, we cannot assure you that such internal controls and procedures will always protect us from violations committed by our employees or other parties with whom we have a business relationship. If our employees or other parties are found or alleged to be in violation of anti-corruption regulations, we may face or be involved in fines, lawsuits, loss of permits and licences and loss of key personnel, as well as damage to our reputation, which could have a material adverse effect on our business, financial condition and results of operations.

Our business is dependent on the performance of the pharmaceutical and food industries in China.

Our pharmaceutical and food businesses are subject to the conditions of the PRC pharmaceutical and food markets, which in turn are affected by many factors, including, amongst others, government policies, rising pricing pressure, consumer spending and consumer confidence. Any fluctuations in the PRC pharmaceutical and food markets in general could have a material adverse impact on our business, financial condition and results of operations. For instance, there have been numerous reports and negative publicities related to food safety and quality incidents in the PRC's food industry. While the reports and allegations are not targeted at us, the food industry as a whole can be negatively impacted by these incidents and associated reports. Our prospects, business, results of operations and financial condition can be negatively impacted if the food industry experiences slower growth. Furthermore, the PRC government may from time to time revise its fiscal and monetary policies to adjust the growth rate of the PRC national economy and local economies, and such policy changes may affect the pharmaceutical and food market in the regions where we have or will have business operations. We cannot assure you that our business will continue to operate at the levels we achieved during the Track Record Period.

RISKS RELATING TO THE PRC

Any slowdown in the PRC economy or changes in political and economic policies of the PRC government could have a material adverse effect on the overall growth in China, which could reduce the demand for our products.

Substantially all of our assets and business operations are currently located in China, and substantially all of our revenues are derived from the sale of products in China. For the years ended 31 December 2012, 2013 and 2014, we derived 99.0%, 99.0% and 98.7% of our revenue from the sale of products to customers in China, respectively. Accordingly, our business, financial condition, results of operations and prospects are significantly affected by economic, political, social and legal developments in China.

The PRC economy differs from the economies of most developed countries in many respects, including in terms of its structure, the level of governmental involvement, the level of development, its growth rate, the control of foreign exchange and capital flows and the allocation of resources. The PRC economy is in transition from a planned economy to a market economy. For the past three decades, the PRC government has implemented economic reform measures, emphasising the utilisation of market forces in the development of the PRC economy. Any adverse change in the PRC's economic, political and social conditions, as well as governmental policies could have a material adverse effect on the PRC's overall economic growth, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

The PRC government has implemented economic reform measures and industrial policies in the past three decades and is expected to continue to do so in order to utilise market forces in the development of the PRC economy. Some of these measures and policies, while benefiting the overall PRC economy, may have a negative effect on us.

Uncertainties in respect of the PRC legal system could have a material adverse effect on our business.

Substantially all of our business and operations are conducted in China, and governed by PRC laws, rules and regulations. The PRC legal system is a civil law system based on written statutes where, unlike common law systems, decided legal cases have limited value as precedent. Since 1979, the PRC government has been promulgating a comprehensive system of laws and regulations governing economic matters in general. However, China has not developed a fully integrated legal system and recently enacted laws, rules and regulations may not sufficiently cover all aspects of economic activity in China. These laws, rules and regulations are relatively new and are often changing, and published cases concerning these laws, rules and regulations are limited. Consequently, their interpretation and enforcement involve a fair amount of uncertainties compared to other jurisdictions. In addition, the PRC legal system is based in part on government policies and administrative rules that may have retroactive effect, and we may be subject to retroactive regulatory actions as a result. Furthermore, the legal protections available to us under these laws, rules and regulations may be limited. Any litigation or regulatory enforcement action in China may be protracted and could result in significant costs to us and a diversion of our resources and management attention. We cannot predict future developments in the PRC legal system or the effects of such developments.

It may be difficult to effect service of process upon us or the Directors or senior management who reside in China or to enforce non-PRC court judgments against them in China.

Substantially all of our assets are situated in China and most of the Directors and senior management members reside and substantially all of their respective assets are located in China. As a result, it may be difficult to effect service of process outside China upon most of the Directors and officers, including in respect of matters arising under applicable securities laws. China does not have treaties providing for the reciprocal recognition and enforcement of judgements of courts with the United States, the United Kingdom and most other countries. Consequently, it may be difficult for you to enforce against us or the Directors or officers in China any judgements obtained from non-PRC courts.

In addition, although we will be subject to the Listing Rules and the Takeovers Code upon the Listing, the Shareholders will not be able to bring actions on the basis of a violation of the Listing Rules and must rely on the Stock Exchange to enforce the Listing Rules. Furthermore, since we are incorporated under the laws of the Cayman Islands and our corporate affairs are governed by the laws of the Cayman Islands, it may not be possible for you to bring an action against us or against the Directors or our officers under Hong Kong laws in the event that you believe your rights as a shareholder have been infringed.

Restrictions on foreign exchange and fluctuations in Renminbi exchange rates may limit the ability of our operating subsidiaries to remit payments to us and may expose us to exchange rate volatility.

Substantially all of our revenue is denominated in Renminbi, which is not readily convertible into other currencies. Under the existing foreign exchange regulations in China, we may undertake current account foreign exchange transactions without prior approval from the SAFE by complying with certain procedural requirements. The PRC government may, however, decide to restrict access to foreign currencies for current account transactions in the future.

Shortages in the availability of foreign currency may restrict our ability to remit sufficient foreign currency to pay dividends, or otherwise satisfy any foreign currency dominated obligations we may incur. In addition, since our future cash flow from operations will continue to be denominated in Renminbi, any existing and future restrictions on currency exchange may limit our ability to receive dividends and distributions from our subsidiaries in China, purchase goods and services outside of China or otherwise fund any future business activities that may be conducted in foreign currencies.

Any change in foreign exchange regulations may severely restrict our ability to pay dividends or satisfy other foreign exchange requirements. The convertibility of the Renminbi into other currencies is subject to changes in the PRC policies and international economic and political developments. In 2005, the PRC government changed its policy of pegging the value of the RMB to the US dollar. Under the current policy, the RMB is pegged against a basket of currencies, determined by the PBOC, against which it can rise or fall within stipulated ranges against different currencies each day. This change in policy has resulted in an appreciation of the value of the Renminbi against the US dollar of approximately 24.4% from July 2005 to February 2015. We cannot predict whether the PRC government may change its policies that have effect on the exchange rate of the Renminbi, as well as when and how Renminbi exchange rates may change going forward.

Fluctuations in exchange rates may adversely affect the value, translated or converted into US dollars or Hong Kong dollars, of our net assets, earnings or any declared dividends. Also, there are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. As of the Latest Practicable Date, we had not entered into any agreements to hedge our exchange rate exposure. In any event, to the extent such hedges are available, their effectiveness may be limited and we may be unable to hedge our exposure successfully, or at all.

We rely on dividends paid by our subsidiaries for our cash needs, and limitation under PRC laws on the ability of our PRC subsidiaries to distribute dividends to us could adversely affect our ability to utilise such funds.

As a holding company, we conduct substantially all of our business through our consolidated subsidiaries incorporated in China. We rely on dividends paid by these PRC subsidiaries for our cash needs, including the funds necessary to pay any dividends and other cash distributions to the Shareholders, to service any foreign currency debt we may incur and to make any offshore acquisitions. The payment of dividends by entities established in China is subject to limitations. Regulations in China currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in China. Each of our PRC subsidiaries is required to set aside at least 10% of its after-tax profit based on the PRC accounting standards each year to its general reserves or statutory capital reserve fund until the aggregate amount of such reserves reaches 50% of its respective registered capital. As a result, our PRC subsidiaries are restricted in their ability to transfer a portion of their net assets to us in the form of dividends, loans or advances. We anticipate that in the foreseeable future our PRC subsidiaries will need to continue to set aside 10% of their respective after-tax profits to their statutory reserves. These limitations on the ability of our PRC subsidiaries to transfer funds to us limit our ability to receive and utilise such funds.

We may be treated as a PRC tax resident enterprise under the PRC Enterprise Income Tax Law, which may subject us to PRC income taxes on our worldwide income.

We are a holding company incorporated under the laws of the Cayman Islands. Under the PRC Enterprise Income Tax Law (the "**EIT Law**") which came into effect 1 January 2008, and its implementation rules, enterprises organised under the laws of jurisdictions outside the PRC with their "de facto management bodies" located within the PRC may be considered "PRC tax resident enterprises" and subject to a uniform 25% PRC income tax on their worldwide income. The implementation rules to the EIT Law define the term "de facto management body" as a "body that has material and overall management and control over the manufacturing and business operations, personnel and human resources, finances and treasury, and acquisition and disposition of properties and other assets of an enterprise". The Notice on Identifying Chinese-Controlled Offshore Enterprises as Chinese Resident Enterprises in accordance with Criteria for Determining Place of Effective Management and the Administrative Measures on the Corporate Income Tax of Chinese-Controlled Offshore Incorporated Resident Enterprises (Trial) issued in April 2009 and July 2011 set out certain criteria for specifying what constitutes a "de facto management body" in respect of enterprises that are established offshore by PRC enterprises. However, no such criteria are provided in these or other publications by the SAT in respect of enterprises established offshore by private individuals or foreign enterprises like us.

As a result, it is unclear whether we will be deemed to be a "PRC tax resident enterprise" for the purpose of the EIT Law even though substantially all of the operational management of the Group is currently based in China. We are currently not treated as a PRC tax resident enterprise by the relevant tax authorities. Nonetheless, we cannot assure you that we will not be treated as a PRC tax resident enterprise under the EIT Law and not be subject to the enterprise income tax rate of 25% on our global income in the future. If we were treated as "PRC tax resident enterprise", we would be subject to PRC income taxes on our worldwide income, which may adversely affect our profitability and distributable profit to the Shareholders.

Dividends payable by us to non-PRC shareholders and gains on the sales of the Shares may be subject to PRC income taxes.

Under the EIT Law, the Personal Income Tax Law of the PRC and relevant implementing regulations, unless otherwise stipulated in a relevant international tax treaty entered into by the PRC government, dividends payable to shareholders that are "non-resident enterprises" are subject to a withholding tax of 10%, and dividends payable to shareholders who are "non-resident individuals" may be subject to a withholding tax of 20%, in each case to the extent such dividends are deemed to have their sources within China. Similarly, any gain realised on the transfer of shares by "non-resident enterprise" shareholders are also subject to a 10% PRC income tax (or other treaty rate, if applicable), and any gain realised on the transfer of shares by "non-resident individual" shareholders may be subject to a 20% PRC income tax, in each case if such gain is regarded as income derived from sources within China. If the Company is considered to be a "resident enterprise" by virtue of having its "de facto management body" in China, the dividends paid with respect to Shares to Shareholders who are "non-resident enterprises" would be treated as income derived from sources within China and would be subject to withholding tax at a rate of up to 10%; and the dividends paid with respect to Shares to Shareholders who are "non-resident individuals" would be treated as income derived from sources within China and would be subject to withholding tax at a rate of up to 20%. The gain "non-resident enterprise" and "non-resident individual" Shareholders may realise from the transfer of the Shares may also be treated as income derived from sources within China and be subject to PRC income tax.

Inflation in China could negatively affect our profitability and growth.

Economic growth in China has, in the past, been accompanied by periods of high inflation, and the PRC government has implemented various policies from time to time to control inflation. For example, the PRC government introduced measures in certain sectors to avoid overheating of the PRC economy, including increasing interest rates and capital reserve thresholds at PRC commercial banks. The effects of the stimulus measures implemented by the PRC government since the global economic crisis that unfolded in 2008 and the continued growth in the overall economy have resulted in sustained inflationary pressures. If such inflationary pressures continue and are not mitigated by the PRC government measures, our cost of sales will likely increase, and our profitability would likely be materially reduced, as there is no assurance that we would be able to pass any cost increases to our customers. If the measures implemented by the PRC government to control inflation are successful, these measures may also slow economic activity in China and reduce demand for our products and severely decrease our revenue growth.

Governmental control over currency conversion may affect the value of a Shareholder's investment in the Shares and limit our ability to utilise our cash effectively.

The PRC government imposes controls on the convertibility of the Renminbi into foreign currencies and, in certain cases, the remittance of currency out of China. Under existing PRC foreign exchange regulations, payments of current account items, including profit distributions, interest payments and expenditure from trade related transactions, can be made in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. However, foreign exchange transactions in the capital account, including the foreign currency capital in any foreign-invested enterprise in China, the repayment of the principal amount of foreign currency loans and the payment pursuant to foreign currency guarantees, continue to be subject to significant foreign exchange controls and require prior approval from the SAFE or its local branch. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions.

Substantially all of our revenue are in Renminbi, which is currently not a freely convertible currency. We will have to convert a portion of our Renminbi revenue or profit to meet our foreign currency obligations, such as the payment of dividends by the Company, if any are declared, and the repayment of existing Shareholder's loans to the Controlling Shareholders.

While current PRC laws and regulations permit conversion of Renminbi into foreign currencies for payment of current account items (including payment of dividends to foreign shareholders), any future change in PRC law or government policy may restrict the Company's ability to pay dividends and other current account items in foreign currencies or restrict the Company's ability to make payments without obtaining prior approval from the SAFE.

If restrictions imposed by the PRC government prevent us from obtaining sufficient foreign currency to satisfy our currency demands, the Company may not be able to pay dividends in foreign currencies to Shareholders.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent us from using the proceeds of the Global Offering to make loans or capital contributions to our PRC subsidiaries.

In utilising the proceeds from the Global Offering or any future offerings, as an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make capital contributions to our PRC subsidiaries. Any loans to our PRC subsidiaries are subject to PRC regulations and approvals. For example, loans by us to our wholly owned PRC subsidiaries in China to finance their activities may not exceed statutory limits and must be registered with the SAFE or its local counterpart. Any capital contributions to our PRC subsidiaries must be approved by the MOFCOM or its local counterpart. In addition, the use of any Renminbi obtained from the settlement of capital of a foreign-invested enterprise for purposes within the business scope shall be approved by the applicable government authority, and may not be changed without approval from the SAFE. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, if at all, in respect of future loans by us to our PRC subsidiaries or in respect of future capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to use the proceeds we receive from the Global Offering to capitalise or otherwise fund our PRC operations may be negatively affected, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

RISKS RELATING TO THE GLOBAL OFFERING AND THE SHARES

The Controlling Shareholders have significant influence over the Company, and their interests may conflict with the interests of the other Shareholders.

Immediately following the Global Offering, the Controlling Shareholders will hold in aggregate approximately 61.7% of the Shares, assuming the Over-allotment Option is not exercised. The Controlling Shareholders will, through their voting power at the Shareholders' meetings and their delegates on the Board, have significant influence over our business and affairs, including decisions in respect of mergers or other business combinations, acquisition or disposition of assets, issuance of additional shares or other equity securities, timing and amount of dividend payments, and our management. The Controlling Shareholders may not act in the best interests of the minority Shareholders. In addition, without the consent of the

Controlling Shareholders, we could be prevented from entering into transactions that could be beneficial to us. This concentration of ownership may also discourage, delay or prevent a change in control of the Company, which could deprive the Shareholders of an opportunity to receive a premium for the Shares as part of a sale of the Company and may significantly reduce the price of the Shares.

No public market currently exists for the Shares; the market price for the Shares may be volatile and an active trading market for the Shares may not develop.

No public market currently exists for the Shares. The initial Offer Price for the Shares to the public will be the result of negotiations between the Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) and may not be indicative of prices that will prevail in the trading market. The Offer Price may differ significantly from the market price of the Shares following the Global Offering. We have applied to the Stock Exchange for the listing of, and permission to deal in, the Shares. A listing on the Stock Exchange, however, does not guarantee that an active and liquid trading market for the Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the Shares will not decline following the Global Offering.

Furthermore, the price and trading volume of the Shares may be volatile. The following factors, amongst others, may cause the market price of the Shares after the Global Offering to vary significantly from the Offer Price:

- variations in our turnover, earnings and cash flow;
- unexpected business interruptions resulting from natural disasters, epidemics or power shortages;
- major changes in our key personnel or senior management;
- our inability to obtain or maintain regulatory approval for our operations;
- our inability to compete effectively in the market;
- our involvement in material litigation;
- political, economic, financial and social developments in China and globally;
- fluctuations in stock market prices and volume; and
- changes in analysts' estimates of our financial performance.

You will incur immediate and significant dilution and may experience further dilution if we issue additional Shares in the future.

The Offer Price of the Offer Shares is higher than the net tangible asset value per Share immediately prior to the Global Offering. Therefore, purchasers of the Offer Shares in the Global Offering will experience an immediate dilution in pro forma consolidated net tangible asset value to HK$1.41 per Share, based on the mid-point of the Offer Price range of HK$5.43. We cannot assure you that if we were to immediately liquidate after the Global Offering, any assets will be distributed to the Shareholders after the creditors' claims. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the Offer Shares may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time.

You may face difficulties in protecting your interests as a minority shareholder because we are incorporated under Cayman law.

Our corporate affairs are governed by, amongst others, the Articles of Association, the Cayman Companies Law and common law of the Cayman Islands. The rights of shareholders to take action against the Directors, actions by minority Shareholders and the fiduciary responsibilities of the Directors to us are to a large extent governed by the common law of the Cayman Islands and the Articles of Association. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes or judicial precedent in existence in other jurisdictions. Such differences may mean that the minority Shareholders may have less protection than they would have under the laws of certain other jurisdictions. Please refer to the section headed "Appendix III – Summary of the Constitution of the Company and Cayman Companies Law" to this prospectus for further details of Cayman law.

Future sales or anticipated sales of the Shares in the public market by major Shareholders following the Global Offering could materially and adversely affect the price of the Shares.

Prior to the Global Offering, there has not been a public market for the Shares. Future sales or anticipated sales by the existing Shareholders, or issuance by us of significant amounts of the Shares after the Global Offering, could result in a significant decrease in the prevailing market prices of the Shares. Only a limited number of the Shares currently outstanding will be available for sale or issuance immediately after the Global Offering due to contractual and regulatory restrictions on disposals and new issuances of the Shares. Nevertheless, after these restrictions lapse or if they are waived, future sales of significant amounts of the Shares in the public market or the perception that these sales may occur could significantly decrease the prevailing market price for the Shares and our ability to raise equity capital in the future.

The market price of the Shares when trading begins could be lower than the Offer Price as a result of, amongst others, adverse market conditions or other adverse developments that could occur between the time of sale and the time trading begins.

The Offer Price will be determined on the Price Determination Date. However, the Offer Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be the seventh Business day after the Price Determination Date. The Offer Price for the Offer Shares may not be indicative of prices that will prevail in the trading market. Investors may not be able to resell their Shares at or above the Offer Price. The financial market in Hong Kong and other countries have in the past experienced significant price and volume fluctuations. Volatility in the price of the Shares may be caused by factors outside our control and may be unrelated or disproportionate to our operating results. Accordingly, holders of the Offer Shares are subject to the risk that the price of the Offer Shares when trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse developments that may occur between the time of sale and the time trading begins.

There can be no assurances that we will declare and distribute any amount of dividends in the future.

As a holding company, our ability to declare future dividends will depend on the availability of dividends, if any, received from our PRC operating subsidiaries. Under PRC law and the constitutional documents of our PRC operating subsidiaries, dividends may be paid only out of distributable profits, which refers to after tax profits as determined under PRC GAAP less any recovery of accumulated losses and required allocations to statutory capital reserve funds. Any distributable profits that are not distributed in a given year are retained and become available for distribution in subsequent years. The calculation of our distributable profits under PRC GAAP differs in many aspects from the calculation under HKFRS. As a result, our PRC operating subsidiaries may not be able to pay a dividend in a given year if they do not have distributable profits as determined under PRC GAAP even if they have profits as determined under HKFRS. Accordingly, as we derive substantially all of our earnings and cash flows from dividends paid to us by our PRC operating subsidiaries in China, we may not have sufficient distributable profits to pay dividends to the Shareholders.

We declared certain dividends during the Track Record Period. Please refer to the section headed “Financial Information – Dividend Policy” in this prospectus for further details of our dividend policy. We cannot assure you that we will declare or pay future dividends. The declaration, payment and amount of any future dividends are subject to the discretion of the Directors depending on, among other considerations, our operations, earnings, financial condition, cash requirements and availability, our constitutional documents and applicable law.

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate.

This prospectus contains certain forward-looking statements and information relating to us and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim”, “anticipate”, “believe”, “can”, “continue”, “could”, “estimate”, “expect”, “going forward”, “intend”, “ought to”, “may”, “might”, “plan”, “potential”, “predict”, “project”, “seek”, “should”, “target”, “will”, “would” and similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialise or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. The Directors make no representations as to the appropriateness, accuracy, completeness or reliability of any of the forward-looking statements or of any assumptions underlying such forward-looking statements included in or referred to by press releases or media. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our business prospects;
- our future debt levels and capital needs;
- future developments, trends and conditions in the markets in which we operate;
- our strategies, plans, objectives and goals;
- general economic conditions;
- changes to regulatory or operating conditions in the markets in which we operate;
- our ability to reduce costs;
- our dividend policy;
- our capital expenditure plans;
- the amount and nature of, and potential for, future development of our business; and
- capital market developments.

Subject to the requirements of the Listing Rules, we do not intend to publicly update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

Facts, forecasts and statistics in this prospectus relating to the PRC economy and pharmaceutical and food industries may not be fully reliable.

Facts, forecasts and statistics in this prospectus relating to China, the PRC economy and pharmaceutical and food industries in China are obtained from various sources including official government publications that we believe are reliable and from the Euromonitor Report prepared by Euromonitor, an independent market consultant, which we commissioned. We believe that the sources of such facts, forecasts and statistics are appropriate sources for such facts, forecasts and statistics, and we have taken reasonable care in the extraction and reproduction of such facts, forecasts and statistics. We have no reason to believe that such facts, forecasts and statistics are false or misleading in any material respect or that any fact has been omitted that would render such facts, forecasts or statistics false or misleading in any material respect. However, we cannot guarantee the quality or reliability of these sources. Neither we, the Sole Sponsor nor our or its respective affiliates or advisers have verified the facts, forecasts and statistics nor ascertained the underlying economic assumptions relied upon in those facts, forecasts and statistics obtained from these sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics in this prospectus relating to the PRC economy and the pharmaceutical and food industries in China may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. As such, no representation as to the accuracy of such facts, forecasts and statistics obtained from various sources is made. Moreover, these facts, forecasts and statistics involve risk and uncertainties and are subject to change based on various factors and should not be unduly relied upon. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case in other countries.

You should read the entire prospectus and we strongly caution you not to place any reliance on any information contained in press articles, other media and/or research reports regarding us, our business, our industry and the Global Offering.

There may be prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Global Offering, press, media and/or research analyst coverage regarding the Group, our business, our industry and the Global Offering. You should rely solely upon the information contained in this prospectus in making your investment decision regarding the Shares and we do not accept any responsibility for the accuracy or completeness of the information contained in such press articles, other media and/or research analyst reports nor the fairness or appropriateness of any forecasts, projections, views or opinions expressed by the press, other media and/or research analysts regarding the Shares, the Global Offering, the Group, our business or our industry. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, projections, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

In preparation for the Global Offering, we have sought and have been granted the following waivers from strict compliance with the relevant provisions of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into, and are expected to continue after the Listing, certain transactions, which will constitute non-exempt continuing connected transactions under the Listing Rules upon Listing. The Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements regarding the announcements in respect of such non-exempt continuing connected transactions under Chapter 14A of the Listing Rules.

The details of this waiver are set out in the section headed "Connected Transactions" in this prospectus.

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong.

The headquarters of the Group is located in China. All of the executive Directors and all members of the senior management of the Group currently reside in China. We do not and, in the foreseeable future, will not have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules, subject to the condition that the following measures and arrangements are made for maintaining regular communication between the Stock Exchange and us:

(a) Mr. HE Jinqiang (the Company's executive Director), who is a resident in China, and Ms. NG Wingshan (the Company's Company Secretary), who is a resident in Hong Kong, have been designated as the Company's authorised representatives (the "**Authorised Representatives**") and, hence, will be our principal channel of communication with the Stock Exchange. In addition, Ms. NG has also been designated as an alternate to Mr. HE (the "**Alternate Authorised Representative**"). Both of Mr. HE and Ms. NG would be readily contactable by telephone, facsimile, and/or email by the Stock Exchange and will be able to meet with the Stock Exchange to discuss any matters in relation to the Company at short notice;

(b) in addition, each of Mr. HE and Ms. NG has means to contact all members of the Board of Directors and senior management promptly at all times as and when the Stock Exchange wishes to contact the Directors of the Company on any matters;

(c) each Director has provided his or her mobile phone number, office phone number, fax number and email address to the Authorised Representatives of the Company and the Stock Exchange;

(d) each of the Directors who do not ordinarily reside in Hong Kong possesses valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable time;

(e) Ms. NG, the Company Secretary, who is a Hong Kong resident, will, amongst others, act as the Company's additional channel of communication with the Stock Exchange and be able to answer enquiries from the Stock Exchange. Ms. NG will maintain constant contact with the Directors and senior management of the Company through various means, including regular meetings and telephone discussions whenever necessary; and

(f) we have appointed Somerley Capital Limited as our compliance adviser who will also serve as an additional channel of communication with the Stock Exchange from the Listing Date to the date when the Company dispatches its annual report to the Shareholders for the first full financial year immediately after the Listing. Somerley Capital Limited will maintain constant contact with the Authorised Representatives, Directors and senior management through various means, including regular meetings and telephone discussions whenever necessary.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) (as amended) and the Listing Rules for the purpose of giving information to the public with regard to the Group. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus.

The Directors confirm, having made all reasonable enquiries, that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this prospectus misleading.

THE HONG KONG PUBLIC OFFERING, UNDERWRITING AND THIS PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorised by the Company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to us and the Sole Global Coordinator (on behalf of the Underwriters) agreeing on the Offer Price. The International Underwriting Agreement relating to the International Offering is expected to be entered into on or around Monday, 6 July 2015, subject to the Offer Price being agreed. The Global Offering is managed by the Sole Global Coordinator.

If, for any reason, the Offer Price is not agreed between us and the Sole Global Coordinator (on behalf of the Underwriters), the Global Offering will not proceed and will lapse. For full information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with the Offer Shares should, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for Hong Kong Offer Shares is set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

OVER-ALLOTMENT OPTION AND STABILISATION

Details of the arrangements relating to the Over-allotment Option and stabilisation are set out in the section headed "Structure of the Global Offering" in this prospectus.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Offer Shares to, confirm that he is aware of the restrictions on offers of the Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than in Hong Kong, or the distribution of this prospectus and/or Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus and/or Application Forms may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorisation by the relevant securities regulatory authorities or an exemption therefrom.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares, including any Shares which may be issued by us pursuant to the Global Offering and upon the exercise of the Over-allotment Option.

Save as disclosed in this prospectus, no part of the Company's Share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Wednesday, 15 July 2015. The Shares will be traded in board lots of 500 Shares each. The stock code of the Shares will be 06896.

ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

REGISTER OF MEMBERS AND STAMP DUTY

The Company's principal register of members will be maintained by our principal share registrar, Codan Trust Company (Cayman) Limited, in the Cayman Islands and the Company's register of members in Hong Kong will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. Unless the Directors otherwise agree, all transfer and other documents of title of the Shares must be lodged for registration with and registered by the Hong Kong Share Registrar and may not be lodged in the Cayman Islands.

All Offer Shares will be registered on the register of members of the Company in Hong Kong. Dealings in the Shares registered on our register of members in Hong Kong will be subject to Hong Kong stamp duty. The stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% of the consideration for, or (if greater) the value of, the Shares transferred. In other words, a total of 0.2% is currently payable on a typical sale and purchase transaction of the Shares. In addition, a fixed duty of HK$5 is charged on each instrument of transfer (if required).

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposal of, and dealing in the Shares (or exercising rights attached to them). None of us, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise of any rights in relation to, the Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain Renminbi amounts into HK dollars, of Renminbi amounts into US dollars and of HK dollars into US dollars at specified rates.

Unless we indicate otherwise, the translation of Renminbi into HK dollars, of Renminbi into US dollars and of HK dollars into US dollars, and vice versa, in this prospectus was made at the following rate:

RMB0.78851 to HK$1.0 (being the prevailing exchange rate on the Latest Practicable Date set by the PBOC)

RMB6.1119 to US$1.0 (being the prevailing exchange rate on the Latest Practicable Date set by the PBOC)

No representation is made that any amounts in Renminbi, HK dollars or US dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, departments, entities (including certain of our subsidiaries), institutions, natural persons, facilities, certificates, titles and the like included in this prospectus and for which no official English translation exists are unofficial translations for identification purposes only. In the event of any inconsistency, the Chinese name prevails.

ROUNDING

Unless otherwise stated, all the numerical figures are rounded to one decimal place. Any discrepancies in any table or chart between totals and sums of amounts listed therein are due to rounding.

DIRECTORS

Name	Residential Address	Nationality
Non-executive Director		
Ms. JIANG Peizhen (江佩珍) *Chairman*	Room 604, Block 6, Binjiang West Road, Chengzhong District, Liuzhou, Guangxi Zhuang Autonomous Region, China	Chinese
Executive Directors		
Mr. ZENG Yong (曾勇)	Block 21, Guizhong Villa District, Guizhong Avenue, No. 6 Tiyu Road, Liuzhou, Guangxi Zhuang Autonomous Region, China	Macau
Mr. HUANG Jianping (黃建平)	Room 102, Unit 1, Block 10, 11 Haiguan Road, Chengzhong District, Liuzhou, Guangxi Zhuang Autonomous Region, China	Chinese
Mr. ZENG Kexiong (曾克雄)	Room 302, Unit 1, Block 38, 5 Youyi Road, Liubei District, Liuzhou, Guangxi Zhuang Autonomous Region, China	Chinese
Mr. LU Xinghong (呂興鴻)	Room 202, Unit 1, 31 Xieyang Road, Chengzhong District, Liuzhou, Guangxi Zhuang Autonomous Region, China	Chinese
Mr. HE Jinqiang (何錦強)	Room 102, Unit 5, Block 10, 11 Haiguan Road, Chengzhong District, Liuzhou, Guangxi Zhuang Autonomous Region, China	Chinese

Independent non-executive Directors

Mr. LI Hua (李驊)	Room 7-3-6-1, Jiangdong Water Zone, 9 Jinxiu Road, Liubei District, Liuzhou, Guangxi Zhuang Autonomous Region, China	Chinese
Mr. ZHU Jierong (朱頡榕)	Room 3006, 13 Yuyuan Street, Middle Nanhua Road, Haizhu District, Guangzhou, Guangdong Province, China	Chinese
Mr. CHENG Yiqun (程益群)	Room 1703, Building 1, 202 Guangnei Dajie, Xicheng District, Beijing, China	Chinese

Further information about the Directors and senior management members are set out in the section headed "Directors and Senior Management" in this prospectus.

PARTIES INVOLVED

Sole Sponsor, Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager	**Credit Suisse (Hong Kong) Limited** Level 88 International Commerce Centre 1 Austin Road West Kowloon Hong Kong
Auditor and reporting accountants	**Ernst & Young** *Certified Public Accountants* 22/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Legal advisers to the Company	*As to Hong Kong and United States laws:* **Slaughter and May** 47th Floor, Jardine House One Connaught Place Central Hong Kong *As to PRC law:* **Jingtian & Gongcheng** 34th Floor, Tower 3 China Central Place 77 Jianguo Road Chaoyang District Beijing 100025 China *As to Cayman Islands law:* **Conyers Dill & Pearman** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

Legal advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong and United States laws:* **Freshfields Bruckhaus Deringer** 11th Floor, Two Exchange Square Central Hong Kong *As to PRC law:* **Jun He Law Office** 20/F, China Resources Building 8 Jianguomenbei Avenue Beijing 100005 China
Industry Consultant	**Euromonitor International Ltd** 29/F, Finance Square 333 Jiujiang Road Shanghai 200001 China
Compliance adviser	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Central Hong Kong
Receiving Bank	**Standard Chartered Bank (Hong Kong) Limited** 15th Floor, Standard Chartered Tower 388 Kwun Tong Road Kwun Tong Kowloon Hong Kong

Registered office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters and principal place of business in the PRC	No. 28, Yuejin Road Liuzhou Guangxi Zhuang Autonomous Region China
Principal place of business in Hong Kong	Suites 1-3 16/F, Kinwick Centre 32 Hollywood Road Central Hong Kong
Company's website	**www.goldenthroat.com** *(The information on the website does not form part of this prospectus)*
Company Secretary	Ms. NG Wingshan (吳詠珊), *ACIS, ACS* 18/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Authorised representatives	Mr. HE Jinqiang (何錦強) Room 102, Unit 5, Block 10 11 Haiguan Road Chengzhong District Liuzhou Guangxi Zhuang Autonomous Region China Ms. NG Wingshan (吳詠珊) 18/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong

Audit Committee	Mr. ZHU Jierong (朱頡榕) *(Chairman)* Mr. LI Hua (李驊) Mr. CHENG Yiqun (程益群)
Remuneration Committee	Mr. LI Hua (李驊) *(Chairman)* Mr. CHENG Yiqun (程益群) Mr. HE Jinqiang (何錦強)
Nomination Committee	Ms. JIANG Peizhen (江佩珍) *(Chairman)* Mr. ZHU Jierong (朱頡榕) Mr. CHENG Yiqun (程益群)
Cayman Islands Principal Share Registrar and Transfer Office	Codan Trust Company (Cayman) Limited Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Bank	Agricultural Bank of China Limited Liuzhou Lixin Sub-branch No. 33, Lixin Road Liuzhou Guangxi Zhuang Autonomous Region China

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OVERVIEW

Our businesses operate in the large and rapidly growing pharmaceutical and food industries in China. The pharmaceutical and food industries in China are supported by a number of favourable socioeconomic factors such as the PRC's economic growth and increasing disposable income, population growth and increased life expectancy, rising health consciousness and spending on healthcare and PRC government support and healthcare reform plans.

We primarily engage in the over-the-counter herbal medicine market which is part of the pharmaceutical industry with 90.6% of our total revenue generated from the sale of Golden Throat Lozenges (OTC) for the year ended 31 December 2014.

Furthermore, we are also a major player in the throat remedies market and enjoy a leading position in the lozenge market, a subset of the throat remedies market.

OVERVIEW OF THE PRC'S ECONOMY

Economic growth

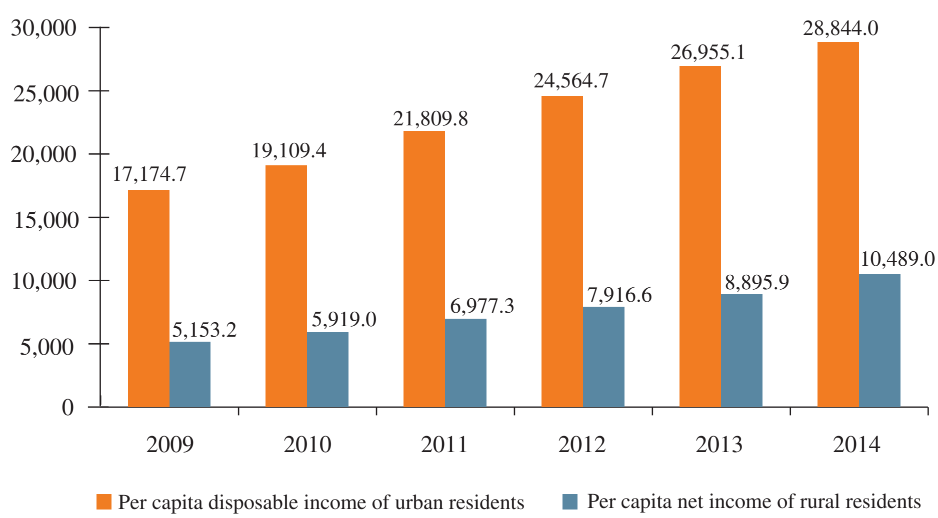
In recent years, the PRC's nominal GDP has grown steadily. According to the International Monetary Fund, the nominal GDP of China increased from RMB34,877.5 billion in 2009 to RMB58,667.3 billion in 2013, representing a CAGR of 13.9% and an annual growth of 8.0% in 2013. According to the International Monetary Fund, the nominal GDP of China is expected to grow at a CAGR of 9.3% from RMB64,452.9 billion in 2014 to RMB91,925.9 billion in 2018.

According to the International Monetary Fund, from 2009 to 2013, the per capita nominal GDP of China also increased from approximately RMB26,135.3 to approximately RMB43,113.5 in 2013, representing a CAGR of 13.3%. The per capita nominal GDP of China is expected to grow at a CAGR of 8.7% from RMB47,131.2 in 2014 to RMB65,902.2 in 2018.

Increasing disposable income

In addition to GDP growth, China is experiencing growth in disposable income. According to the National Bureau of Statistics of China, per capita disposable income of urban residents increased from RMB17,174.7 in 2009 to RMB28,844.0 in 2014, at a CAGR of 10.9%, while per capita net income of rural residents increased from RMB5,153.2 to RMB10,489.0 in the same period, at a CAGR of 15.3%. Due to their increasing disposable income, PRC consumers' expenditure is expected to grow rapidly.

Per Capita Disposable Income of Urban Residents and Per Capita Net Income of Rural Residents in China, 2009-2014, RMB



Source: National Bureau of Statistics of China

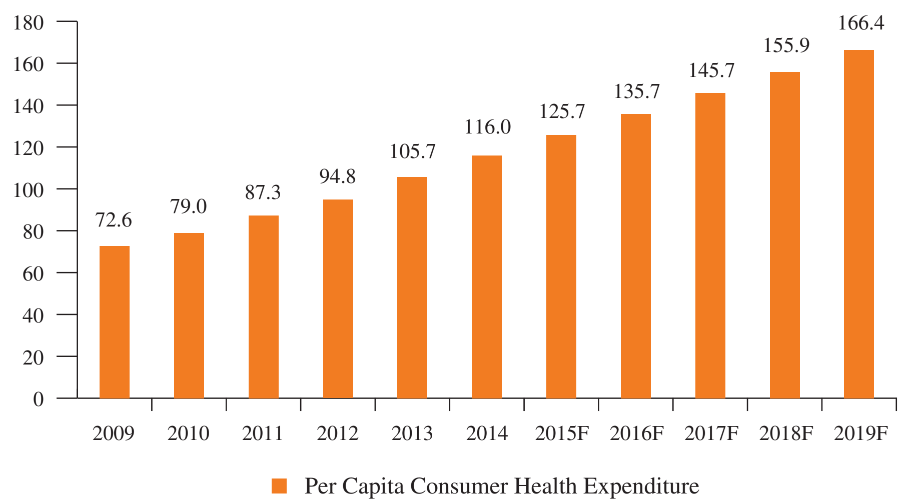
Increasing health awareness and increased consumer spending on health related products

With the increase of disposable income, PRC consumers' health awareness has been increasing year by year which resulted in higher spending on health related products including, amongst others, health food and medicines. Consumers care more about life quality and health than ever before.

Consumers have nowadays accumulated basic knowledge of using over-the-counter medicines and are getting more familiar with many brands of over-the-counter medicines. In addition, the inconvenience and time needed for seeing doctor due to shortage of medical resource also drives consumers to treat themselves at home by purchasing over-the-counter medicines when they encounter common ailments or chronic diseases.

According to the Euromonitor Report, the per capita consumer expenditure on health food and over-the-counter medicines purchased through retail channels increased from RMB72.6 in 2009 to RMB116.0 in 2014, growing at a CAGR of 9.8%, and is expected to increase from RMB125.7 in 2015 to RMB166.4 in 2019, at a CAGR of 7.3%.

Per Capita Consumer Health Expenditure in Retail Channel in China, 2009-2019F, RMB

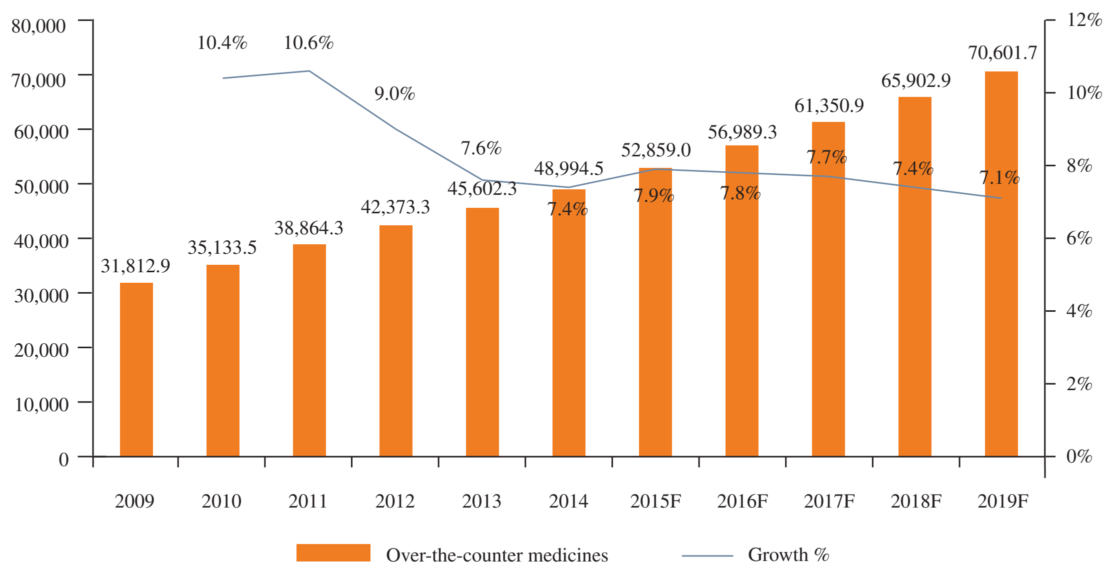


Source: Euromonitor Database (Passport – Consumer Health 2014)

OVER-THE-COUNTER HERBAL MEDICINE MARKET IN CHINA

The retail sales value of over-the-counter medicines in China increased from RMB31,812.9 million in 2009 to RMB48,994.5 million in 2014, at a CAGR of 9.0%, and the retail sales value is expected to increase from RMB52,859.0 million in 2015 to RMB70,601.7 million in 2019, at a CAGR of 7.5%.

Retail Sales Value of Over-The-Counter Medicines in China, 2009-2019F, Millions RMB

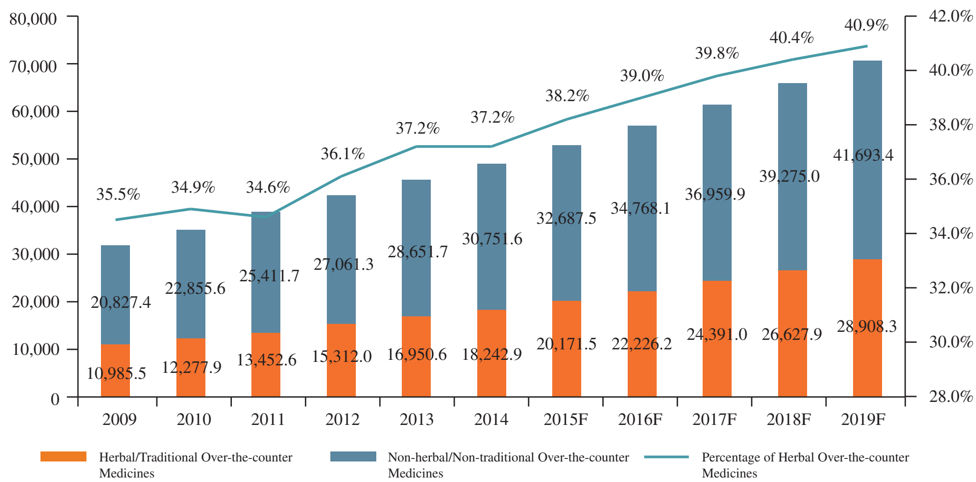


Source: Euromonitor database (Passport – Consumer Health 2014)

Over-the-counter herbal medicines represented 37.2% of the total over-the-counter medicines market, i.e. RMB18,242.9 million in terms of retail sales value in 2014. However, over-the-counter herbal medicines has experienced a higher growth rate than over-the-counter non-herbal medicines. According to the Euromonitor Report, the share of over-the-counter herbal medicines in total over-the-counter medicines increased from 34.5% to 37.2% during the period between 2009 and 2014 and is expected to continue this upward trend to reach 40.9% by 2019.

The upward trend of over-the-counter herbal medicines is mainly due to a long application history of herbal or traditional Chinese medicines and preference among Chinese consumers, as well as government support. According to the Euromonitor Report, many Chinese customers are used to, and prefer, using traditional Chinese medicines if it is not an emergency situation, as Chinese consumers have a general impression that herbal medicines have fewer side effects and are a healthier treatment methodology.

Retail Sales Value of Over-the-counter Herbal and Non-herbal Medicines in China 2009-2019F, Millions RMB



Source: Euromonitor database (Passport – Consumer Health 2014)

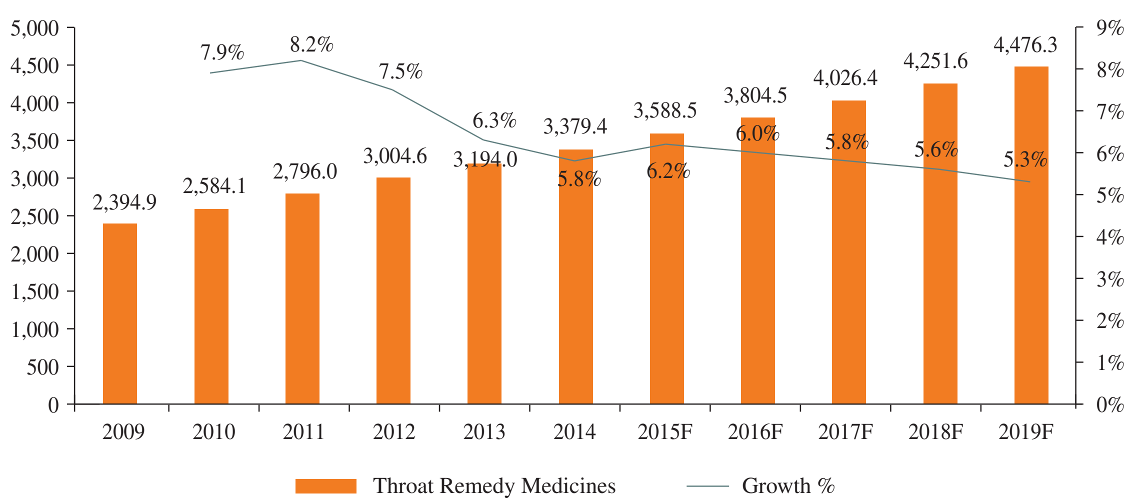
THROAT REMEDIES MARKET IN CHINA

Market overview

Throat remedies market primarily includes throat remedy medicines which are over-the-counter medicines and medicated confectionary which are food.

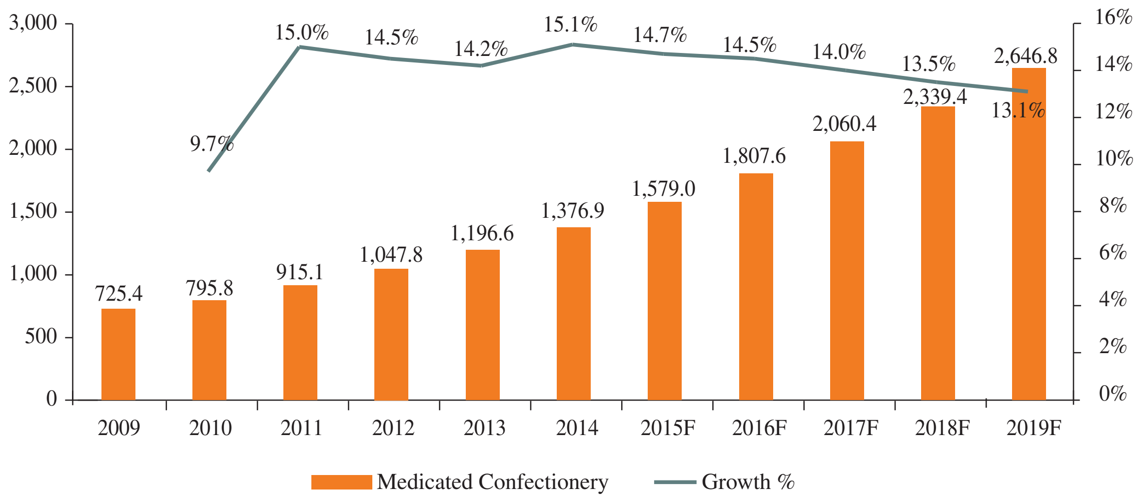
Retail sales value of throat remedies in China increased from RMB3,120.3 million in 2009 to RMB4,756.3 million in 2014, at a CAGR of 8.8%. Sales are expected to increase from RMB5,167.5 million in 2015 to RMB7,123.1 million in 2019, at a CAGR of 8.4%.

Retail Sales Value of Throat Remedy Medicines in China 2009-2019F, Millions RMB



Source: Euromonitor database (Passport – Consumer Health 2014)

Retail Sales Value of Medicated Confectionery in China 2009-2019F, Millions RMB

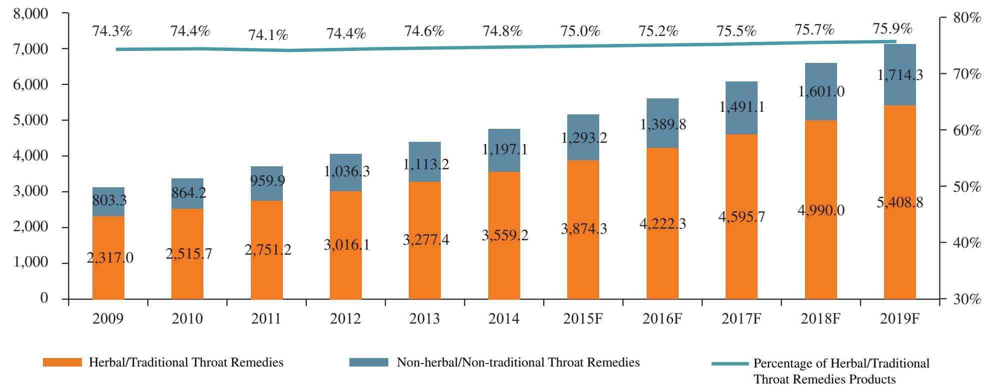


Source: Euromonitor database (Passport – Consumer Health 2014)

Consumers prefer herbal throat remedies to non-herbal throat remedies

According to the Euromonitor Report, herbal throat remedies hold a larger market share than non-herbal throat remedies. Herbal throat remedies have achieved a retail sales value of RMB3,599.2 million in 2014, representing a CAGR of 9.0% from 2009. The market share of herbal throat remedies of all throat remedies has increased from approximately 74.3% in 2009 to approximately 74.8% in 2014. Herbal throat remedies are expected to continue growing, with retail sales value expected to increase from RMB3,874.3 million in 2015 to RMB5,408.8 million in 2019, representing a CAGR of 8.7% and accounting for approximately 75.9% of the total throat remedies market. Chinese consumers have a general impression that herbal throat remedies have fewer side effects than non-herbal remedies and can be consumed for a long time. As a result, more manufacturers are devoting efforts to develop herbal products or emphasise their herbal ingredients to cater for consumer's preferences.

Retail Sales Value of Herbal and Non-herbal Throat Remedies in China 2009-2019F, Millions RMB

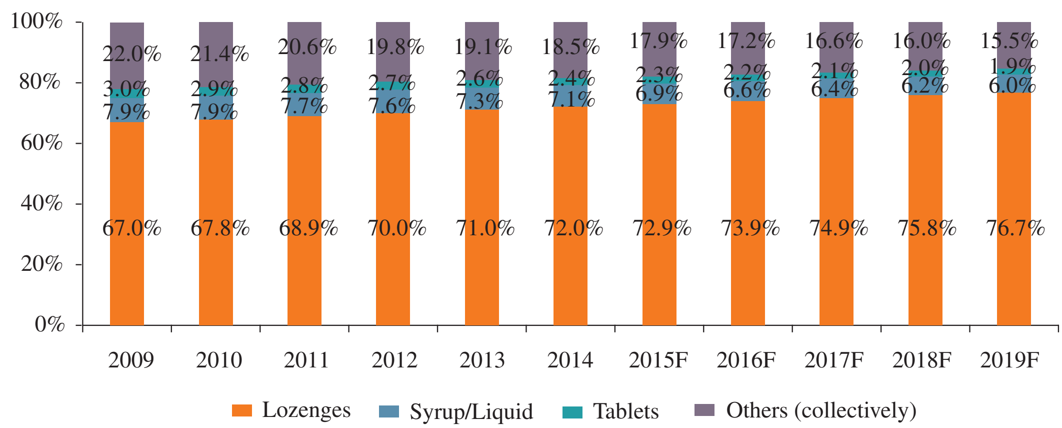


Source: Euromonitor estimates from desk research and trade interviews

Consumers prefer lozenges when treating throat problems

According to the Euromonitor Report, in terms of dosage format, lozenges accounted for approximately 72.0% of the total throat remedies market, with a retail sales value of RMB3,424.2 million in 2014, and is expected to increase to approximately 76.7% of the total throat remedies market by 2019 with RMB5,462.0 million in terms of retail sales value, representing a CAGR of 9.7% from 2015 to 2019.

Percentage of Dosage Forms in Throat Remedies in terms of Retail Sales Value 2009-2019F



Source: Euromonitor estimates from desk research and trade interviews

Market driver

Environmental pollution causing more respiratory infections increases consumption of throat remedies

Air pollution in China is reaching epidemic proportions, as PM 2.5 levels are continuously in an unhealthy level across many of the PRC's major cities. This is one of the main triggers for respiratory infections, in particular throat problems. As a result, throat remedies are commonly used throughout China as a relief from symptoms. Consumers are more concerned about throat protection in light of the air pollution, which has resulted in an increasing consumption of throat remedies.

Entry barriers

The establishment of distribution network requires high investment

Throat remedies are generally sold through a tiered distribution network in China. Due to large market coverage, manufacturers need to invest heavily time and resources in sourcing qualified distributors in different regions. It would take new entrants a long time to develop a group of mutually beneficial distributors and build a mature and stable distribution network.

Brand recognition raises difficulties for new entrants

Medical institutions and patients would most likely choose more recognisable brands over less known ones as the quality of medicines affect their health. It would take years of efforts and investment to build a mature brand with reliable reputation, which constitutes a barrier for potential entrants.

Challenges

Due to increasing demand on throat remedies and expansion of retail channels, it is expected that there will be more new entrants in this market in the future. In the past few years, the market has seen many new joiners competing in either national or regional levels. With more new entrants especially those pharmaceutical manufacturers with strong distribution and marketing capability, the existing players in throat remedies market will face fiercer competition.

Future outlook

Cultivated consumption habits will continue

Air pollution has raised consumers' awareness on throat protection. With the development of pharmacies and retailing channels (including, amongst others, convenience stores and supermarkets), the consumption of throat remedies is expected to grow as consumers will be able to purchase throat remedies more conveniently than before.

Pharmaceutical manufacturers tend to develop non-over-the-counter medicated confectionary

Increasing number of pharmaceutical manufacturers have developed non-over-the-counter throat remedies and distribute them through retail channels. Although health food, including medicated confectionery, is not allowed to claim any effect or function, the background of pharmaceutical manufacturers help them to build a trusted brand image and obtain consumers' recognition.

Competitive landscape and advantages

The throat remedies market in China is relatively concentrated, with the top five companies accounting for a market share of approximately 58.7% in terms of retail sales value in 2014.

Market Share (Retail Value %) of Top Five Throat Remedies Companies in China, 2014

Ranking	Company Name	Brand Name	Share %
1	The Company	Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products	18.6#
2	Guilin Sanjin Pharmaceutical Co., Ltd.	Watermelon Frost Spray, Watermelon Frost Lozenge, Other Watermelon Frost products including Qingyan Hanpian and Hou Kou Bao	15.4
3	Cadbury (China) Food Co.	Halls	12.3
4	Shanxi Guilong Medicine Co., Ltd.	Man Yan Shu Ning	6.4
5	Jiangzhong Pharmaceutical Co., Ltd.	Jiangzhong Cao Shan Hu, Liang Sang	6.0
6	Others		41.2
Total			**100.0**

Source: Euromonitor estimates from desk research and trade interviews

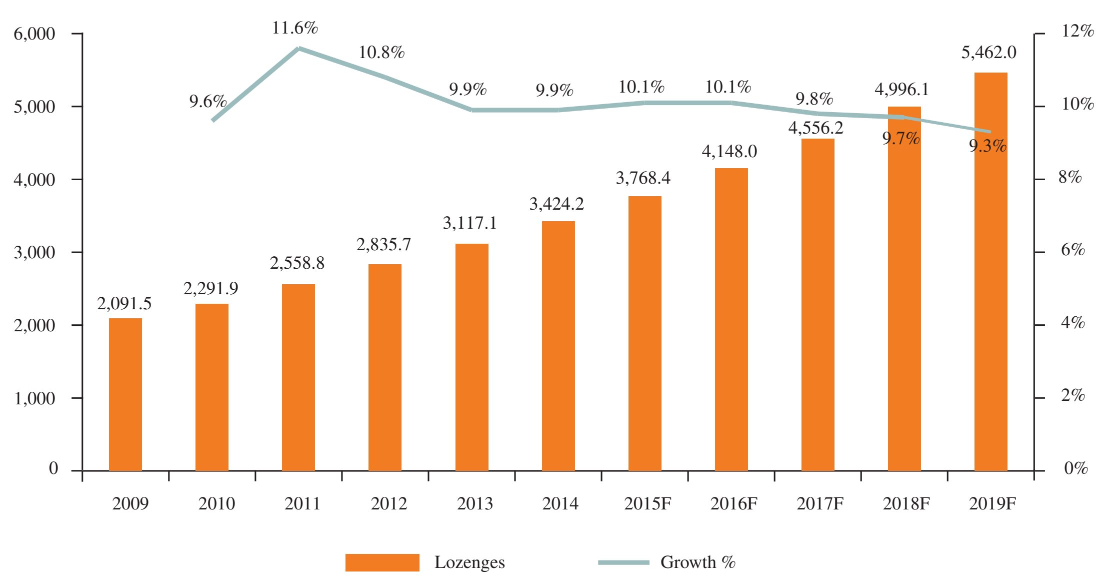
Including both Golden Throat Lozenges (OTC) and Golden Throat Lozenges Series Products

LOZENGE MARKET IN CHINA

Market overview

The lozenge market is a subset of the throat remedies market. According to the Euromonitor Report, the retail sales value of lozenges in China increased from RMB2,091.5 million in 2009 to RMB3,424.2 million in 2014, at a CAGR of 10.4%. The retail sales value of lozenges is expected to increase from RMB3,768.4 million in 2015 to RMB5,462.0 million in 2019, at a CAGR of 9.7%. The growth of the lozenge market, excluding any inflationary effect, would be a proxy for the real growth of the lozenge market. Having adjusted for an inflation of 1.4%, 1.9%, 2.5%, 2.8% and 2.9% from 2015 to 2019, respectively, the real growth rate of the retail sales value of lozenges in China would be approximately 8.5%, 9.6%, 9.2%, 9.3% and 9.2% from 2015 to 2019, respectively.

Retail Sales Value of Lozenges in China, 2009-2019F, Millions RMB



Source: Euromonitor estimates from desk research and trade interviews

Market drivers

Lozenges' good effect in treating throat problems enjoys increasing consumers' preference

In treating throat problems, lozenges have their advantages compared with other formats of products. Lozenges can be dissolved slowly in the month to temporarily soothe the irritated tissues of throat. Consumers can directly feel comfortable in a while after taking lozenges.

The wide penetration of modern grocery retailing facilitates the growth of non-over-the-counter lozenges

The modern grocery retailing experienced significant increase in the past years, due to increasing urbanisation and leading retailers' ambitious expansion. According to the Euromonitor Report, the store number of modern grocery retailers (including convenience stores, discounters, forecourt retailers, hypermarkets and supermarkets) increased at a CAGR of 9.4% from 2009 to 2014, reaching 214,914 stores by 2014. Nowadays, modern grocery stores have expanded to even rural areas. It is expected that the fast pace of modern grocery retailing will continue in the forecast period, representing a CAGR of 6.8% from 2015 to 2019. As non-over-the-counter lozenges are mainly sold in convenience stores and supermarkets, the wide penetration of modern grocery retailing will support an established network for the sales of lozenges.

Competitive landscape and advantages

According to the Euromonitor Report, "Golden Throat (金嗓子)" was the largest lozenge brand in terms of retail sales value in 2014. Meanwhile, in the PRC's lozenge market, being a subset of the throat remedies market, our lozenge products (including both Golden Throat Lozenges (OTC) and Golden Throat Lozenges Series Products) ranked first with a leading market share of approximately 25.8% as measured by retail sales value in 2014. Sales revenue of the second largest company was only approximately two thirds of our revenue. The table below sets forth the top five companies and their respective market share as of and for the year ended 31 December 2014.

Market Share (Retail Value %) of Top Five Lozenge Product Companies in China, 2014

Ranking	Company Name	Brand Name	Share %
1	The Company	Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products	25.8#
2	Cadbury (China) Food Co.	Halls	17.1
3	Guilin Sanjin Pharmaceutical Co., Ltd.	Watermelon Frost Lozenge, Other Watermelon Frost products including Qingyan Hanpian and Hou Kou Bao	11.8
4	Jiangzhong Pharmaceutical Co., Ltd.	Jiangzhong Cao Shan Hu, Liang Sang	8.4
5	Wellso Pharmaceutical Holding Co., Ltd.	Hua Su Pian	4.8
6	Others		32.1
Total			**100.0**

Source: Euromonitor estimates from desk research and trade interviews

\# *Including both Golden Throat Lozenges (OTC) and Golden Throat Lozenges Series Products*

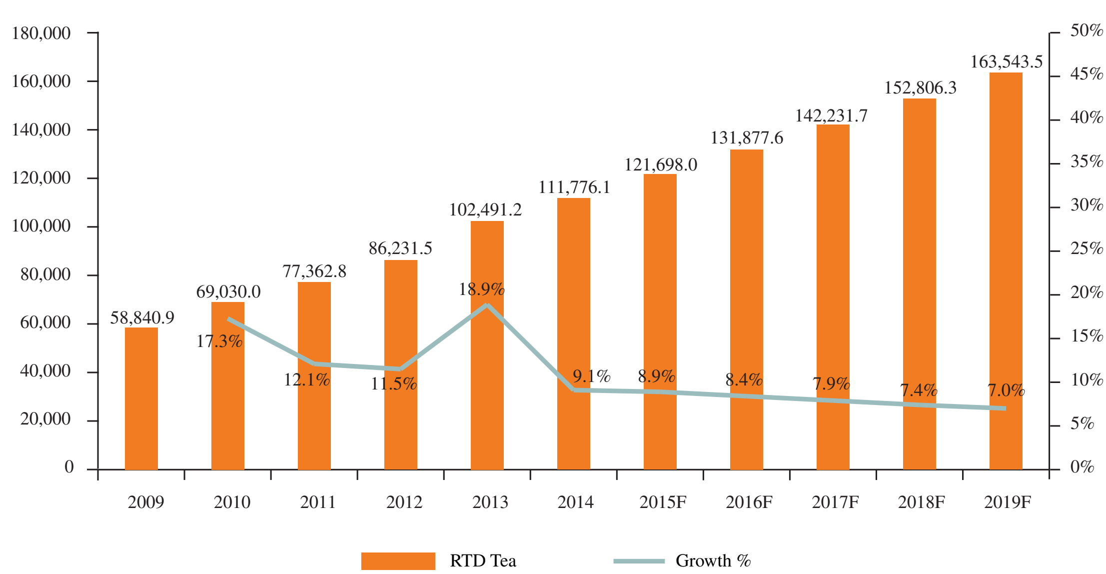
READY-TO-DRINK ("RTD") TEA MARKET IN CHINA

RTD tea includes all packaged products based on brewed tea or tea extract and herbal RTD tea. RTD tea may be sweetened or unsweetened, carbonated or still, with a wide variety of different flavourings, and may also contain juice. Although some of the herbal RTD tea may not contain tea extracts, they are still positioned as tea drinks in the PRC market. Herbal RTD tea products usually contain some Chinese herbal ingredients such as herbal jelly drink, bird's nest, ginseng, mixed herbal with flowers, red dates and other Chinese herbal ingredients. Typical flavours for herbal RTD tea include chrysanthemum tea, winter melon tea and herbal tea. Leading brands include Wong Lo Kat (王老吉) and Jia Duo Bao (加多寶).

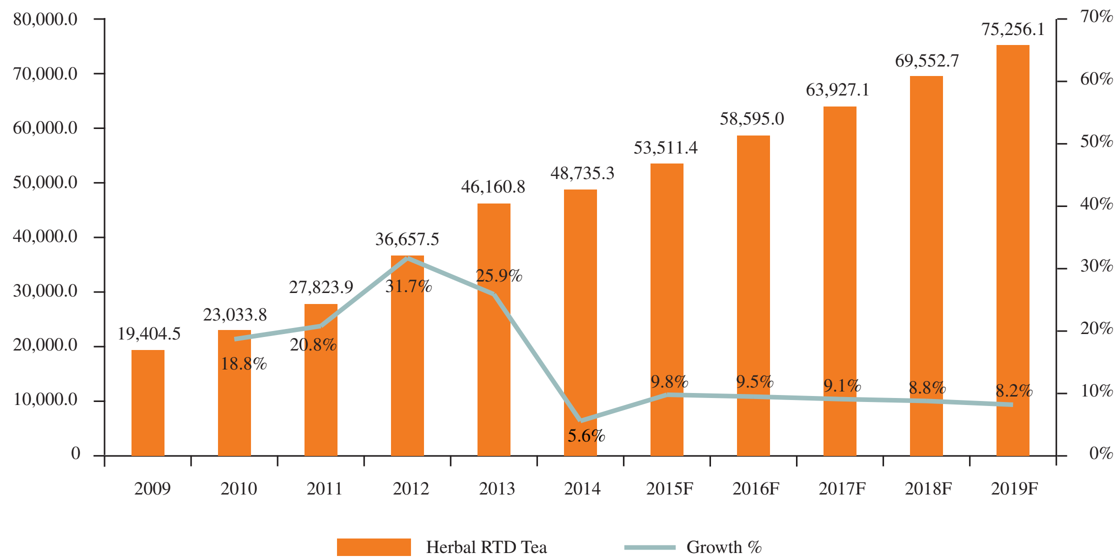
Due to their fruit juice content (of less than 2%), Golden Throat Lozenge Vegetable Beverages Series Products are not classified in the herbal RTD tea market (which is a subset of RTD tea market) and, instead, form part of the broader general RTD tea market. Despite there being no meaningful data assessing the size of the market of unique products such as Golden Throat Vegetable Beverages Series Products, we believe that consumers would generally consider these products to be similar to herbal RTD tea given their herbal ingredients.

According to the Euromonitor Report, the retail sales value of RTD tea increased from RMB58,840.9 million in 2009 to RMB111,776.1 million in 2014, at a CAGR of 13.7%, and is expected to increase from RMB121,698.0 million in 2015 to RMB163,543.5 million in 2019, at a CAGR of 7.7%. The retail sales value of herbal RTD tea increased from RMB19,404.5 million in 2009 to RMB48,735.5 million in 2014, at a CAGR of 20.2%, and is expected to increase from RMB53,511.4 million in 2015 to RMB75,256.1 million in 2019, at a CAGR of 8.9%.

Retail Sales Value of RTD Tea in Mainland China, 2009-2019F, Millions RMB



Retail Sales Value of Herbal RTD Tea in Mainland China, 2009-2019F, Millions RMB

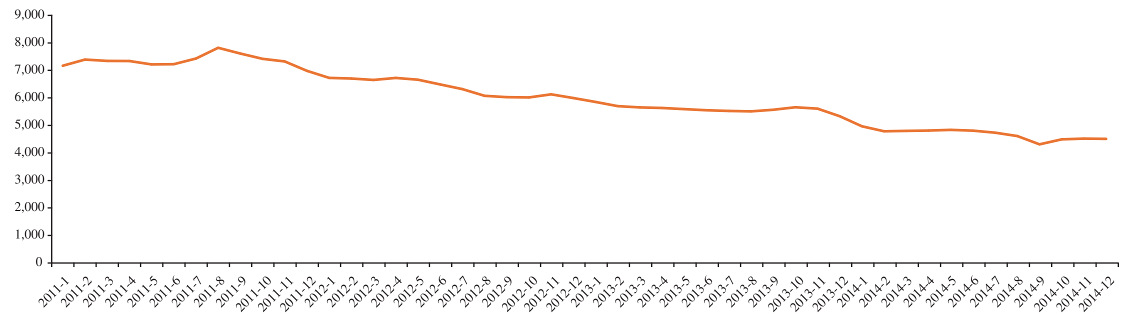


HISTORICAL PRICE TRENDS OF RAW MATERIALS AND FINAL PRODUCTS

The average selling price of our Golden Throat Lozenges (OTC) was RMB4.1, RMB4.2, RMB4.2 and RMB4.3 per box for the four years ended 31 December 2014, respectively. For more details, please refer to the section headed "Financial Information – Description of Principal Consolidated Statements of Profit or Loss and Other Comprehensive Income Items – Revenue" in this prospectus. The increase of the retail price of our lozenge products is largely driven by the increase in labour costs in China and the cost of aggressive advertising carried out by us to drive sales and attract consumers by offering new products. Instead of absorbing the increase in costs, we transferred some of their cost burdens onto consumers and thereby increased the retail price of lozenges.

According to the price tracking data from China Sugar Index published by Guangxi Sugar (廣西糖網) (**www.gsmn.com.cn**), the price for sugar has decreased in the last three years, mainly due to the fact that the demand for sugar is growing weaker.

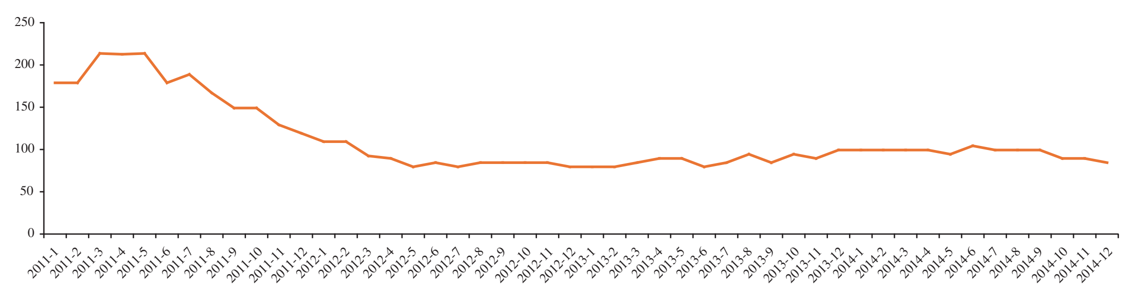
Sugar (白糖) Price Tracking, Jan 2011-Dec 2014, RMB/Tonnes



*Source: China Sugar Index (**www.gsmn.com.cn**)*

According to the price data published by Kangmei Traditional Chinese Medicines (康美中藥網)[1] (**www.kmzyw.com.cn**), Honeysuckle's price dropped in 2011 due to oversupply. The price of Honeysuckle has remained relatively stable afterwards, and the trend is expected to be stable in the future.

Honeysuckle (金銀花) Price Tracking, Jan 2011-Dec 2014, RMB/kg

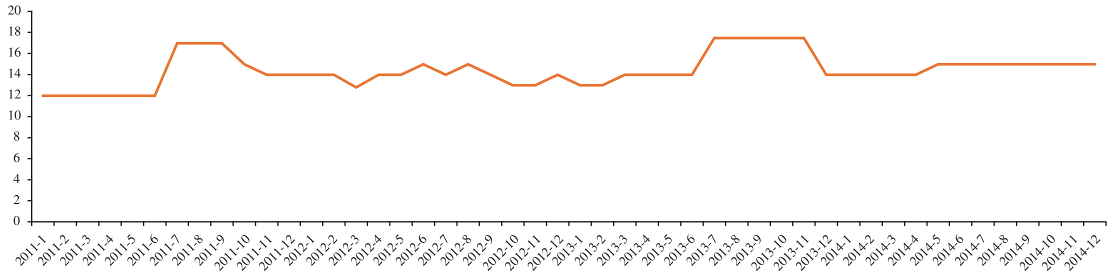


*Source: Kangmei Traditional Chinese Medicines (**www.kmzyw.com.cn**)*

Fructus Terminaliae Immaturus has experienced seasonal fluctuations over the last three years, with an increase in price from July to October in 2014, during which the fruits were harvested. Since most manufacturers and distributors prefer new and fresh raw materials, the price is bidden up in harvest season. Currently, the price is more stable than before, as the supply is more adequate.

[1] Kangmei Traditional Chinese Medicines (**www.kmzyw.com.cn**) is a website established by Kangmei Pharmaceutical Co., Ltd. (Stock Code: 600518, SSE). This website is one of the leading platforms that offer comprehensive traditional Chinese medicines information.

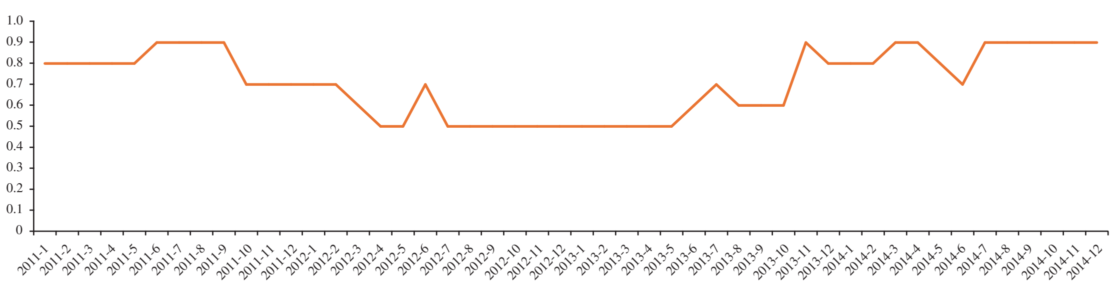
Fructus Terminaliae Immaturus (西青果) Price Tracking, Jan 2011-Dec 2014, RMB/kg



Source: Kangmei Traditional Chinese Medicines (www.kmzyw.com.cn)

The price for Fructus Momordicae is highly dependent on the market supply and demand. With the development of farming skill and knowledge, there was a bumper harvest in 2011, which resulted in an oversupply that caused a drop in price. The price was undergoing a recovery at the end of 2011 and has maintained the trend thereafter.

Fructus Momordicae (羅漢果) Price Tracking, Jan 2011-Dec 2014, RMB/20g



Source: Kangmei Traditional Chinese Medicines (www.kmzyw.com.cn)

According to www.Opsteel.cn (歐浦鋼網), the production capacity of tinplate in China has reached 6 million, 9 million, and over 10 million tonnes for the years ended 31 December 2012, 2013 and 2014, respectively. Meanwhile, the domestic demand for tinplate remains stable. Such demand is expected to remain at approximately 6 million tonnes per annum in the next few years. The main reasons for such trend are derived from the following two industries:

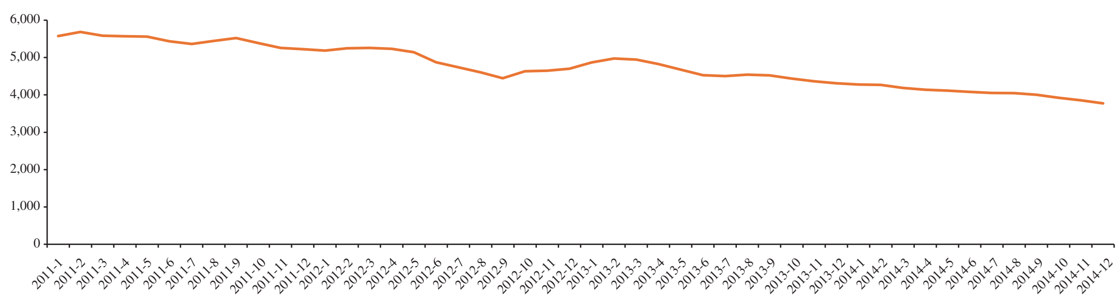
- Beverage package industry: some leading players replaced tin package with aluminium package, which resulted in a drop on demand for tinplate; and

- Canned food: the growth rate of canned food production decreased to 1 million tonnes in 2012, compared with 1.1 million tonnes in 2011, which is the first year when canned food production recorded negative growth since 2009. Such negative growth in turn has led to a decrease in the consumption on tinplate.

The decreasing demand on tinplate has put downward pressure on its price and the manufacturers' profit as well. Supply is expected to continue to exceed demand in the next few years, as new production lines from leading players have recently been launched.

The price for cold rolled coils (a direct raw material of tinplate for external packaging materials of tin boxes for our Golden Throat Lozenge Series Products) slightly dropped for the two years ended 31 December 2014, mainly due to the facts that demands had been decreasing and there has been a general over supply with respect to these materials.

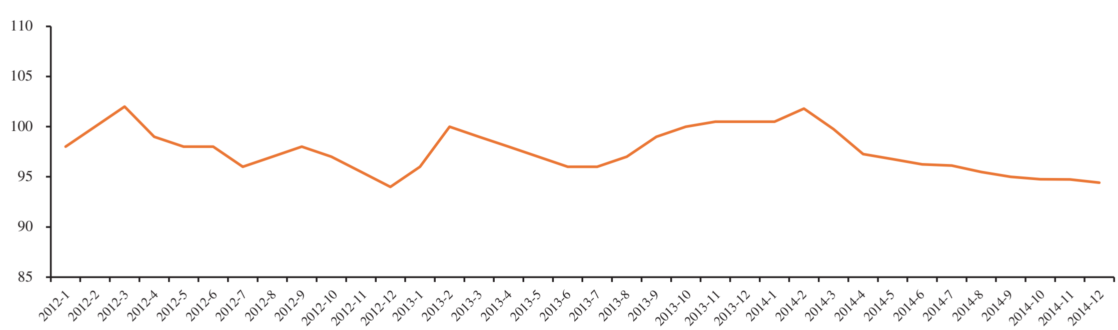
Cold Rolled Coils (冷軋板卷) Price Tracking, Jan 2011-Dec 2014, RMB/Tonnes



*Source: Wind Info (**www.wind.com.cn**)*

The price for pulp has a seasonal cycle (peak season in the second quarter of a year and weak season in the third quarter of a year) which largely depends on downward papermaking industry's demands. In addition, global pulp stock and macro-economics will impose a slight influence on domestic pulp price.

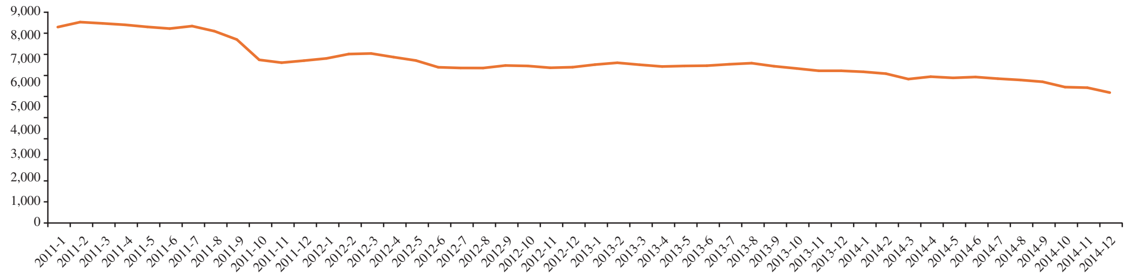
Pulp (紙漿) Price Tracking, Jan 2011-Dec 2014, RMB/Tonnes



Source: China Paper Association

According to **www.ChemMade.com** (中國化工製造網), total domestic production capacity of polyvinyl chloride reached approximately 25 million tonnes per annum in 2014, while the actual domestic production volume of polyvinyl chloride is approximately 16.2 million tonnes. The main production hubs are based in northwestern, northern, eastern and central China, accounting for 37%, 27%, 11% and 11% of the total capacity, respectively. The production capacity of polyvinyl chloride is expected to further expand, but the demand is not expected to increase dramatically, which will broaden the over-supply gap. As a result, the price trend of polyvinyl chloride will continue to experience downward pressure in the near future.

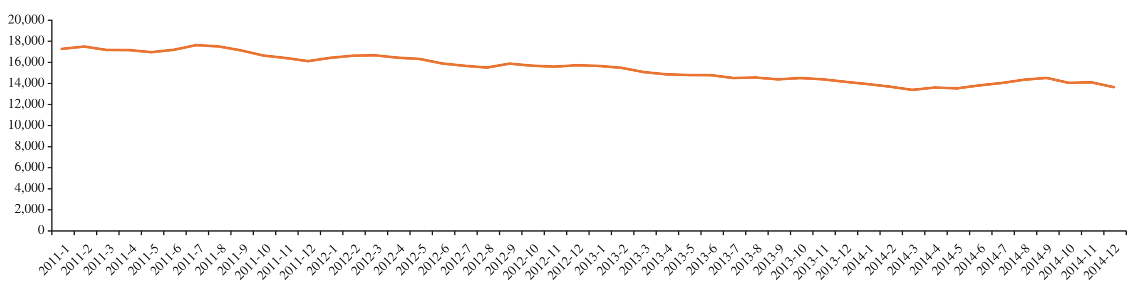
Polyvinyl Chloride (聚氯乙烯) Price Tracking, Jan 2011-Dec 2014, RMB/Tonnes



Source: Dalian Commodity Exchange

According to the National Bureau of Statistics of China, domestic aluminium production volume has been growing at a slower pace since 2010, primarily due to the government's policy of constraining growth in the aluminium industry due to the current over-supply of aluminium. Different from cold rolled coils and polyvinyl chloride, over-supply in the aluminium industry is periodical, because the consumption of aluminium is energy-saving and is therefore favoured by many manufacturing industries, such as construction and electronics.

Aluminium (鋁) Price Tracking, Jan 2011-Dec 2014, RMB/Tonnes



Source: Shanghai Futures Exchange

BRAND AWARENESS

In September 2014, we commissioned Euromonitor to conduct an on-line survey (the "**Survey**") on consumer brand awareness, which collected responses from 537 completed surveys based on a survey of approximately 600 people, covering five representative cities in China, namely Beijing, Shanghai, Guangzhou, Chongqing and Wuhan. The respondents were randomly selected from consumers aged from 18 to 65 who were equally distributed among the above five cities, 49.7% of whom were male and 50.3% of whom were female. The survey indicated that 95.0% of the respondents had heard of "Golden Throat (金嗓子)" before. Among consumers who have used our products in the past year, 97.8% of them are willing to use our products again in the future and 97.0% of them are willing to recommend our products to their friends or family. Among those who are willing to recommend our products, 83.1% of them rank good treating effect as the first reason, following by high brand awareness with 73.9% and good taste with 68.2%.

ABOUT THIS SECTION

In connection with the Global Offering, we have engaged Euromonitor, an Independent Third Party, to conduct research on the PRC throat remedies market and RTD tea market for US$86,750.

Euromonitor, founded in 1972, is a global research organisation and private independent provider of business intelligence on industries, countries and consumers. In preparation of the Euromonitor Report, Euromonitor made use of multiple primary and secondary sources to validate any data or information collected, without reliance on any single source, in order to reflect a balanced view of historical data relating to the PRC throat remedies market. Primary research includes trade interviews with multiple organisations such as trade associations, lozenges manufacturers, distributors and retailers. Secondary research involves gathering, assessing and confirming information from multiple and relevant published data sources. The market share data reported above has been determined by Euromonitor via a fieldwork programme consisting of desk research and trade interviews. While audited data was available for some of the companies, they typically do not break the revenue numbers into the relevant categories which were covered in the study carried out by Euromonitor. For these companies as well as those companies that are included in the market shares but are not publicly listed, Euromonitor has estimated the markets shares based on estimates provided by various other trade sources and after seeking a consensus on these estimates as much as possible.

In preparing market forecasts in respect of the market size and growth trends, Euromonitor adopted its standard practice of analysis based on multiple reviews of the market development history and a cross check with established government figures, industry figures, trade interviews and statistical analysis tools where possible.

Euromonitor made the following major assumptions about the economy of China in the preparation of the Euromonitor Report:

- China is likely to maintain steady macro-economic growth during the forecast period with ongoing urbanisation; and

- The social, economic and political environment in China are likely to remain stable for the foreseeable future, which should provide an overall robust and healthy environment for the development of PRC over-the-counter medicine including throat remedies products.

On these basis, the Directors are satisfied that the disclosure of future projections and industry data in this section is not biased or misleading. The Directors confirm that, after taking reasonable care, there is no adverse change in the market information since the date of the Euromonitor Report, which may qualify, contradict or have an impact on the information as disclosed in this section.

This section sets out summaries of certain aspects of PRC laws and regulations, which are relevant to the Group's operation and business.

PROVISIONS ON FOREIGN INVESTMENT

The establishment, operation and management of corporate entities in China are governed by the PRC Company Law, which was promulgated by the Standing Committee of the National People's Congress on 29 December 1993 and became effective on 1 July 1994. It was subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013 respectively. The companies are classified into categories – limited liability companies and limited companies by shares. The PRC Company Law shall also apply to foreign-invested limited liability companies. According to the PRC Company Law, where laws on foreign investment have other stipulations, such stipulations shall apply.

The establishment procedures, verification and approval procedures, registered capital requirement, foreign exchange restriction, accounting practices, taxation and labour matters of a wholly foreign-owned enterprise are also regulated by the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法), which was promulgated on 12 April 1986 and amended on 31 October 2000, and the Implementation Regulation of the Wholly Foreign-owned Enterprise Law (中華人民共和國外資企業法實施細則), which was promulgated on 12 December 1990 and amended on 12 April 2001.

Investment in China conducted by foreign investors and foreign-owned enterprises is governed by the Guidance Catalogue of Industries for Foreign Investment (外商投資產業指導目錄) (the "**Catalogue**"), which was promulgated by the MOFCOM and the NDRC on 24 December 2011 and became effective on 30 January 2012. It was subsequently amended on 10 March 2015 and became effective on 10 April 2015. The Catalogue is a long-standing tool that PRC policymakers have used to manage and direct foreign investment. The Catalogue divides industries into three basic categories: encouraged industries, restricted industries and prohibited industries. Foreign investors and foreign-owned enterprises are not allowed to make investments which fall under the "prohibited" industry under the Catalogue. Industries not listed in the Catalogue are generally open to foreign investment unless specifically barred in other PRC regulations. As of the Latest Practicable Date, based on the advice of our PRC legal adviser, the Company's business was not subject to foreign investment restriction under the Catalogue.

In addition, according to the Notice of the MOFCOM on Related Issues Concerning the Approval and Administration of Foreign Investment Projects of Sales through the Internet and Automated Teller Machines (商務部辦公廳關於外商投資互聯網、自動售貨機方式銷售項目審批管理有關問題的通知) promulgated on 19 August 2010, the sale of products on the internet through an e-commerce platform is considered to be an extension of the regular sales activities of enterprises, and any legally established foreign investment manufacturing enterprises and commercial enterprises can directly engage in internet sales business. Accordingly, as advised by our PRC legal adviser, our business model of selling our products through an e-commerce platform belongs to the catalogue of permitted foreign investment industries and is therefore not within the scope of value-added telecommunications services in the category of restricted industries under the Catalogue.

MEDICINE ADMINISTRATIVE REGULATORY FRAMEWORK

As a manufacturer and distributor of pharmaceutical products, we are subject to regulation and oversight by different levels of the food and medicine administration in China, in particular, the CFDA. Our products are subject to regulatory controls governing pharmaceutical products. The Law of the PRC on the Administration of Pharmaceuticals (中華人民共和國藥品管理法), which was promulgated by the Standing Committee of the National People's Congress on 20 September 1984 and came into effect on 1 July 1985, as amended on 28 February 2001 and came into effect on 1 December 2001 and as further amended and became effective on 28 December 2013 and as subsequently amended and became effective on 24 April 2015, together with its implementation regulations, provides the legal framework for the administration of the production and sale of pharmaceutical products in China which covers the manufacturing, distributing, registration, packaging, pricing and advertising of pharmaceutical products in China.

We are also subject to other PRC laws and regulations that regulate the manufacturing and distribution of pharmaceutical products.

Principal administrative authorities

As the competent authority of the industry, the CFDA is responsible for administrative supervision and technical supervision over the research, production, circulation and usage of medicines, including Chinese medicines. The local medicine administrative authorities at the level of provinces, autonomous regions and municipalities directly under the PRC central government are responsible for supervision and administration of medicines within their respective administrative regions.

In accordance with the state laws, rules, regulations and policies relating to health and medicines and in light of the characteristics of the traditional Chinese medicine industry, the State Administration of Traditional Chinese Medicine (國家中醫藥管理局) is responsible for the guidance and implementation of fundamental works such as guidelines, policies, development strategies, qualification management and techniques of the Chinese medicine industry.

The Ministry of Health is responsible for multiple supervisions over medicines regulation, including, but not limited to, enforcing the medical and health system reform, formulating and implementing the national essential medicines system (國家基本藥物制度), formulating the national medicines codes (國家藥品法典) and the National List of Essential Medicines, proposing the pricing policy of medicines within the National List of Essential Medicines and supervising medical institutions.

The NDRC is responsible for the macro-guidance and management of the healthcare industry's development planning, and the supervision and management over the price of medicines.

MANUFACTURE

Research and development

Institutions engaging in research for applications for clinical trials and production of medicines are required to register in accordance with Pharmaceutical Product Research Institution Filing Procedures (Trial) (藥品研究機構登記備案管理辦法(試行)), which was promulgated on and effective from 15 October 1999 by the State Drug Supervision and Administration Bureau, the predecessor of the CFDA. Research institutions engaged in conducting clinical trials of medicines are required to carry out their clinical trials in accordance with the Administrative Standards of Pharmaceuticals Clinical Trials (藥物臨床試驗質量管理規範) promulgated by the CFDA on 6 August 2003 and effective from 1 September 2003, which apply to the design, organisation, implementation, supervision, recording, analysis and reporting of clinical trials conducted following approval from the CFDA. Research institutions engaged in conducting pre-clinical research are required to carry out their research activities in accordance with Administrative Standards of the Pharmaceuticals Non-Clinical Research (藥物非臨床研究質量管理規範) promulgated by the CFDA on 6 August 2003 and effective from 1 September 2003, which apply to research on, amongst others, synthetic techniques, extraction method, chemical nature and purity, forms of intake, production methods, examination methods, quality standards, stability, and toxicity studies of a medicine conducted prior to the submission of the application for clinical trials to the CFDA. If certain actions in the pre-clinical trial research and clinical research conducted for a clinical application trial, and/or in the application procedures for registration of medicines, are in violation of the relevant rules and regulations, the CFDA is authorised to handle such cases pursuant to the Measures regarding Non-compliance with Relevant Rules of Research and Application for Registration of Medicines (Trial) (藥品研究和申報註冊違規處理辦法(試行)) promulgated on 12 August 1999 and effective from 1 September 1999.

Pharmaceutical products' manufacturing

Manufacturing licences and approvals

Each pharmaceutical manufacturing enterprise is required to obtain a medicine manufacturing permit and a business licence. Pursuant to the Law of the PRC on the Administration of Pharmaceuticals, its implementation regulations (中華人民共和國藥品管理法實施條例), which was promulgated on 4 August 2002 by the State Council and effective from 15 September 2002, and the Measures on the Supervision and Administration of the Manufacture of Pharmaceuticals (藥品生產監督管理辦法) promulgated by the CFDA on 5 August 2004 and effective from 5 August 2004, the medicine manufacturing permit is issued by local medicine administrative authorities at the provincial level. The grant of such permit is subject to an inspection of the manufacturing facilities, and a finding that their staff qualification, the surroundings, sanitary conditions, quality assurance systems, management structure and equipment meet the required standards. Each medicine manufacturing permit is valid for five years and may be renewed at least six months prior to its expiration date upon re-examination by the relevant authority.

Good Manufacturing Practices (藥品生產質量管理規範)

A GMP certificate is required for the production of each dosage form of pharmaceutical products. In addition, GMP, which was promulgated by the Ministry of Health on 17 January 2011 and became effective on 1 March 2011, is a set of detailed basic guidelines on manufacture and quality control of pharmaceutical products, with the propose of ensuring that products are consistently manufactured appropriate to their intended use and statutory registration requirements for the pharmaceutical products, by minimising the risks of contamination, cross contamination, mix-ups and/or errors during the manufacture processing.

GMP certification criteria include sections regarding quality control, institution and staff qualifications, hygiene requirements for the staff, production premises and facilities, equipment, material and products, recognition and inspection, documentation maintenance, manufacture management, quality control and quality assurance, contractual manufacture and contractual inspection for the products, product distribution and recalls and self-inspection.

Under the Administrative Measures for Certification of the Good Manufacturing Practices (藥品生產質量管理規範認證管理辦法) promulgated on and effective from 2 August 2011 by the CFDA, a new pharmaceutical manufacturer, or a pharmaceutical manufacturer that extends its manufacturing scope or establishes a new workshop shall apply for GMP certification, and where a pharmaceutical manufacturer rebuilds or extends its existing plants or production lines, it shall reapply for GMP certification. GMP certificates shall be renewed no later than six months before the expiry of its valid term. Such renewal shall be granted upon re-examination by the relevant authority.

Approval and registration

Registration of New Medicine Certificate

According to the Administrative Measures for Drug Registration, promulgated by the CFDA on 10 July 2007 and effective from 1 October 2007, new medicines refer to those products which have never been launched in China market previously. Pharmaceutical products taking different dosage forms or route of administration or having curative effects for additional diseases are treated as new medicines.

New medicines are registered under three different types: Chinese medicines and natural medicine, chemical pharmaceutical products and biochemical products, each of which are divided into different categories. Different requirements are applicable to the registration under different types.

All new medicines must undergo four phases before the launching: pre-clinical research, application for clinical trials, clinical trials and approval of production.

Upon the completion of pre-clinical research, pharmaceutical product manufacturers are required to obtain approval from the CFDA prior to commencement of clinical trials of any new medicine.

Clinical trials comprise four phases: phase I (preliminary pharmacology and human safety trials), phase II (preliminary assessment on therapeutic efficacy), phase III (confirmation of therapeutic efficacy) and phase IV (research on applications after launching of new medicines). The number of tested cases of clinical trials shall accord with the aim of each phase of clinical trials and relevant statistical requirements, and shall not be less than the statuary minimum number of clinical trial cases, save for otherwise approved by the CFDA in the case of rare diseases, special diseases and other exceptional circumstances.

Upon the completion of clinical trials, the applicant shall also apply for an approval to manufacture the new medicines. If approved, the applicant will be granted a new medicine certificate and an approved pharmaceutical number. The manufacturer may then commence mass production of the new medicine.

The CFDA may stipulate a monitoring period of up to five years in respect of any new medicine approved for production to monitor the safety of such new medicine on an ongoing basis. The CFDA will not approve the production, change and import of such new medicine by other enterprises during the monitoring period. No applications for the registration of similar pharmaceutical products by other applicants shall be accepted after the commencement of the monitoring period for such new medicine. Applications for the registration of pharmaceutical products of similar products by other applicants that have been accepted but have not been approved to begin clinical trials shall be returned. However, after a new medicine enters the monitoring period, for other applications whose clinical trial have already been approved by the CFDA, the on-going application shall continue in the regular review process, and the CFDA may approve the production or import of that application in compliance with the requirements, as well as monitor the new medicine produced by the pharmaceutical manufacturer within China. Upon the expiration of the monitoring period of new medicine, applicants may file an application in respect of their generic medicines or for the import of similar pharmaceutical products.

Under the Administrative Measures on the Special Examination and Approval of New Medicine Registration (新藥註冊特殊審批管理規定), which was promulgated and implemented since 7 January 2009 by the CFDA, certain types of new medicines may apply to go through the special examination and approval process when submitting the application for clinical trials or the application of production.

Registration of Generic Medicines

Generic medicines are those that have already been launched in the PRC market and are in compliance with applicable national standards set by the PRC government.

For generic medicines, the applicants need to go through at least two processes, which are pre-clinical research and the application of production; and clinical trials could be required where the CFDA deem necessary. All the applicants shall begin the manufacture after obtaining the production approval by the CFDA.

Pharmaceutical directions and labels

According to the Law of the PRC on the Administration of Pharmaceuticals (中華人民共和國藥品管理法), together with its implementation regulations, and Administrative Provisions on Pharmaceutical Directions and Labels (藥品說明書和標簽管理規定), which was promulgated by the CFDA on 15 March 2006 and came into effect on 1 June 2006, a label shall be printed or stuck on the drug package, which shall indicate the adopted name of the drug used in PRC, its ingredients, specification, manufacturer, approval number, product batch number, production date, date of expiry, indications or functions, usage, dosage, contraindications, adverse drug reactions, and precautions. The smallest packages produced by a pharmaceutical manufacturing enterprise for sale on the market must be attached with directions. The pharmaceutical directions shall include important scientific data, conclusion and information on its safety and effectiveness, so as to guide the safe and reasonable usage of the medicine.

Food products' manufacturing

Pursuant to the Regulations on Food Safety Law of the PRC (中華人民共和國食品安全法) (the "**Food Safety Law**"), which was promulgated on 28 February 2009, and with effect from 1 June 2009, and Implementing Rules on the Food Safety Law of the PRC (中華人民共和國食品安全法實施條例) (the "**Implementing Rules on the Food Safety Law**"), which was promulgated on 20 July 2009 and with effect from the same date, the State adopts a licensing system for food production and trading. To engage in food production, food circulation, and catering services, the food production licence, food circulation licence, and catering service licence shall be obtained in accordance with the law. Food producers who have obtained food production licence do not need to obtain food circulation licence for selling the food produced by them at their production place; the catering service providers who have obtained the catering service licence do not need to obtain the food production or circulation licence for selling the food produced by them at their catering service place. Pursuant to the Food Safety Law as well as the Implementing Rules on the Food Safety Law, food producers and traders shall engage in production and trading activities in accordance with the laws, regulations and food safety standards, be responsible for the society and the public, ensure food safety, accept supervision by the society, and undertake social responsibility.

According to the Measures for the Administration of Food Production Licensing (食品生產許可管理辦法), which was promulgated on 7 April 2010, and with effect from 1 June 2010, the validity term for a food production licence is three years. If the enterprise that has the food production licence needs to continue the production upon expiry of the validity term, it shall file an application for replacement of the licence with the original licensing authority within six months prior to the expiry of the validity term of the food production licence. If the replacement is approved, the number of the food production licence shall remain unchanged. Where no application is filed for replacement of licence upon expiry of the validity term, it shall be deemed that the enterprise has no licence. Where the enterprise intends to continue the production of food, it shall file a new application for re-issuance of the licence and a new number of the licence, the validity term of which shall be calculated from the date of permission.

Pursuant to the Administrative Regulations of the PRC on the Production Licence for Industrial Products (中華人民共和國工業產品生產許可證管理條例), which was promulgated on 9 July 2005 and with effect from 1 September 2005, and the Implementing Measures for the Regulations for Administration of Production Licence of Industrial Products of the PRC (中華人民共和國工業產品生產許可證管理條例實施辦法), which was last amended on 21 April 2010 and became effective from 1 June 2010, only enterprises granted with production licence are eligible to produce the important industrial products for which a production licensing system is implemented by the State. Furthermore, the period of validity of a production licence shall be five years, other than for production licence for food processing enterprises, for which the period of validity shall be three years. During the period of validity of a production licence, where there is any change in the relevant standards and requirements for the product, the competent authorities may organise a further examination and inspection in accordance with the provisions of relevant regulations. In addition, where, during the period of validity of a production licence, there is a change in the production conditions, inspection method, production technology or technique of the enterprise, the enterprise shall file an application with the relevant authorities, and the competent authorities shall organise a further examination and inspection to ensure the enterprise complies with the relevant regulations.

DISTRIBUTION

Medicine Operation Certificate

The establishment of a wholesale pharmaceutical distribution company requires the approval of the provincial medicine administrative authorities. Upon approval, the authority will grant a medicine operation certificate in respect of the wholesale pharmaceutical product distribution company. The establishment of a retail pharmacy store requires the approval of the local medicine administrative authorities at or above the county level. Upon approval, the authority will grant a medicine operation certificate in respect of the retail pharmacy store. Once these permits are received, the wholesale or retail pharmaceutical company (as the case may be) shall be registered with the relevant local branch of the SAIC.

Under the Measures for the Administration of Pharmaceutical Operation Permit (藥品經營許可證管理辦法) promulgated by the CFDA on 4 February 2004 and effective from 1 April 2004, a medicine operation certificate is valid for five years. Each holder of the medicine operation certificate must apply for an extension of its permit within six months prior to expiration.

Good Supply Practices

Each retail or wholesale operator of pharmaceutical products is required to obtain a GSP certificate from the relevant medicine administrative authorities prior to commencing its business. GSP constitutes the basic standards in management of operation quality of medicines and shall apply to enterprises exclusively or concurrently engaged in medicine operation within the PRC. The current applicable GSP standards require pharmaceutical operators to implement strict controls on its operation of pharmaceutical products, including standards regarding staff qualifications, premises, warehouses, inspection equipment and facilities, management and quality control. Under the Administrative Measures for Certification of Good Supply Practices (藥品經營質量管理規範認證管理辦法) promulgated on and effective from 24 April 2003 by the CFDA, the GSP certificate is generally valid for five years and may be extended within three months prior to its expiry of its valid term.

Supervision and management of medicine distribution

Under the Method of Supervision and Management of Drug Distribution (藥品流通監督管理辦法), which was issued by the CFDA on 31 January 2007 and came into effect on 1 May 2007, detailed provisions are imposed on aspects such as the purchase, sale, transportation and storage of medicines by pharmaceutical production and operation enterprises as well as the purchase and storage of medicines by pharmaceutical institutions.

Sale of food

According to the Measures for the Administration of Food Circulation Licence (食品流通許可證管理辦法), which was promulgated on and effective from 30 July 2009, the validity term for a food circulation licence is three years, if the enterprise that has the food circulation licence needs to continue the circulation upon expiry of the validity term, it shall file an application for replacement of the licence with the original licensing authority within 30 days prior to the expiry of the validity term of the food circulation licence. If the replacement is approved, the number of the food circulation licence shall remain unchanged. Where no application is filed for replacement of licence upon expiry of the validity term, the licensing authority shall conduct the cancellation procedures in relation to such food circulation licence in accordance with PRC laws.

OTHER RELATED REGULATIONS IN THE PRC PHARMACEUTICAL INDUSTRY

National medicine standard

National medicine standard refers to the quality standards, inspection methods and manufacturing techniques established to ensure the quality of medicines, which include such standards as these included in the Medicine Standards of the Ministry of Health of the PRC (中華人民共和國衛生部藥品標準), Pharmacopoeia of the PRC (中華人民共和國藥典) and National Medicine Standard of the CFDA (國家食品藥品監督管理局國家藥品標準). Prepared slices of Chinese crude medicines shall generally be processed in conformity with the national medicine standards, save for the ones which are not covered by the national medicine standards and shall be produced according to the processing procedures formulated by the medicine regulatory department of the provincial governments.

Prescription medicines and over-the-counter medicines

In order to promote safety, efficacy and convenience in the use of pharmaceutical products, the State Drug Supervision and Administration Bureau, the predecessor of the CFDA, published the Trial Administrative Measures regarding the Classification of Prescription Medicines and Over-the-Counter Medicines (處方藥與非處方藥分類管理辦法(試行)) on 18 June 1999 with effect from 1 January 2000. These administrative measures divide medicines according to their type, specification, the relevant disease or ailment which they are designed to treat, dosage and method of administration. Prescription medicines are those whose prescription, purchase and intake require prescription by practicing doctors or assistant doctors. Over-the-counter medicines are those whose prescription, purchase and intake do not require prescription by practicing doctors or assistant doctors.

The CFDA is responsible for the selection, approval, publication, and revision of the State Non-Prescription Medicine Catalogue (國家非處方藥目錄). Depending on the safety of the relevant medicine, over-the-counter medicines are further subdivided into type A and type B and administered separately. Manufacturers of both prescription and over-the-counter medicines are required to obtain a pharmaceutical manufacturing permit and to obtain production approvals for the relevant medicines: (i) wholesalers of prescription medicines and over-the-counter medicines and (ii) retailers of prescription medicines and type A over-the-counter medicines are required to obtain a pharmaceutical operation permit. Retail outlets selling type B over-the-counter medicines require approval from the provincial bureau of the CFDA or the authorised bureau. In addition, retail outlets selling type B over-the-counter medicines are required to have professionally trained and suitably qualified staff before engaging in the sale of type B over-the-counter medicines. Our key product, Golden Throat Lozenges (OTC), is an over-the-counter medicine and belongs to type A, and our other products such as Chenxianglu Bailu Tablet (陳香露白露片) and Xiaoer Huatan Zhike Granule (小兒化痰止咳顆粒) also belong to type A, while Luohanguo Yuzhu Granule (羅漢果玉竹顆粒), Banlangen Granule (板藍根顆粒), Ganmao Kesou Granule (感冒咳嗽顆粒) and Xiaoer Ganmao Granule (小兒感冒顆粒) belong to type B. Our PRC legal adviser advised us that our products complied with the above regulations in all material aspects.

Advertising restriction

Pursuant to the Law on the Administration of Pharmaceuticals Products of the PRC (中華人民共和國藥品管理法) promulgated on 28 February 2001 and effective from 1 December 2001 and amended on 28 December 2013 and the Measures on the Examination of Pharmaceuticals Products Advertisement (藥品廣告審查辦法) promulgated on 13 March 2007 and effective from 1 May 2007, an enterprise seeking to advertise its pharmaceutical products must apply for an advertising approval code number. The code number is issued by the relevant local administrative authority. Pursuant to the Trial Administrative Measures regarding the Classification of Prescription Medicines and Over-the-Counter Medicines, prescription medicines may only be advertised and promoted via specialised medical newspapers and periodicals, while over-the-counter medicines may be advertised and promoted through mass media.

Pursuant to the Advertising Law of the PRC (中華人民共和國廣告法), which was promulgated on 27 October 1994 with effective from 1 February 1995, advertisements for food, alcoholic drinks and cosmetics shall conform to the requirements of sanitary licences and shall not use any medical terms or terms that tend to be confused with medicines.

Pursuant to the Provisional Regulation on Announcement of Food Advertisement (食品廣告發佈暫行規定), which was promulgated on 30 December 1996 with effective from 1 February 1997, and amended on 3 December 1998, no wording which is mixed up with pharmaceuticals shall appear in food advertisements, the therapeutical effect cannot be directly or indirectly advertised, and it is prohibited to expressly or impliedly indicate the therapeutical effects of the food by advertising the effects of certain ingredients.

Healthcare fraud and abuse

According to Anti Unfair Competition Law of the PRC (中華人民共和國反不正當競爭法) (effective on 1 December 1993), business operator bribery by giving properties or using any other method in order to sell or purchase the commodities and violate the Criminal Law of the PRC (中華人民共和國刑法) (effective on 1 October 1997), as amended on 25 December 1999, 31 August 2001, 29 December 2001, 28 December 2002, 28 February 2005, 29 June 2006, 28 February 2009 and 25 February 2011, shall be investigated in accordance with the Criminal Law of the PRC; if the acts as first mentioned do not violate the Criminal Law of the PRC, the supervisor may fine an amount from more than RMB10,000 to less than RMB200,000 in accordance with the facts and confiscate the illegal income.

The Interim Provisions on Banning Commercial Bribery (the "**Interim Provisions**") (關於禁止商業賄賂行為的暫行規定) (effective on 15 November 1996) provides a detailed scope of "properties or using any other method", the term "property" refers to cash and material objects, including property given by a business operator to another entity or individual in the name of promotion fee, publicity fee, sponsorship fee, scientific research fee, service charge, consulting fee, commissions, reimbursed expenses, etc., in order to sell or purchase commodities, and the term "other means" refers to any means other than giving property, such as offering domestic or international tours or surveys in various names. In addition, the Interim Provisions also made it clear that commercial bribery committed by any employee of a business operator for selling or purchasing commodities for the operator shall be regarded as the operator's act.

According to Criminal Law of the PRC, and the Opinions of the Supreme People's Court and the Supreme People's Procuratorate on Issues Concerning the Application of Law in the Handling of Criminal Cases of Commercial Briberies (最高人民法院、最高人民檢察院關於辦理商業賄賂刑事案件適用法律若干問題的意見) (effective on 20 November 2008), business operators in the healthcare industry may be prosecuted with several charges due to commercial briberies, and these charges include: crime of acceptance of bribes by a non-state functionary, crime of offering bribes to a non-state functionary, crime of acceptance of bribes, crime of acceptance of bribes by an entity, crime of offering bribes, crime of offering bribes to an entity, crime of bribing as an intermediary and crime of offering bribes by an entity. If found guilty, such operator may be punished by term sentence, life sentence or even death sentence.

Price Controls

The retail price of certain pharmaceutical products sold in China, primarily those pharmaceutical products included in the Medical Insurance Catalogues and the National List of Essential Drugs and those drugs the production or trading of which are deemed to constitute monopolies, are subject to price controls by the PRC government in the form of fixed retail prices or maximum retail prices.

Manufacturers and distributors cannot set the actual retail price for any given price controlled product above the maximum retail price or deviate from the fixed retail price set by the government. The retail prices of pharmaceutical products that are subject to price controls are administered by the NDRC and provincial and regional price control authorities. From time to time, the NDRC publishes and updates a list of pharmaceutical products that are subject to price controls. Maximum retail prices for pharmaceutical products are determined based on a variety of factors, including the profit margins that the relevant government authorities deem reasonable, the product's type, quality, and production costs, as well as the prices of substitute pharmaceutical products. The NDRC directly regulates the pricing of all prescription medicines on the Medical Insurance Catalogues and all medicines on the National List of Essential Drugs, and delegates to provincial and regional price control authorities the authority to regulate the pricing of non-prescription medicines on the Medical Insurance Catalogues. Further, pursuant to the Notice Regarding Further Improvement of the Order of Market Price of Pharmaceutical Products and Medical Services (關於進一步整頓藥品和醫療服務市場價格秩序的意見) jointly promulgated by the NDRC, the State Council Legislative Affairs Office and the State Council Office for Rectifying, the MOH, the CFDA, the MOFCOM, the MOF and the Ministry of Labour and Social Security on 19 May 2006, the PRC government exercises price control over pharmaceutical products included in the Medical Insurance Catalogues and made an overall adjustment of their prices by reducing the retail price of certain overpriced pharmaceutical products and increasing the retail price of certain underpriced pharmaceutical products in demand for clinical use but that have not been produced in large quantities by manufacturers due to their low retail price level. In particular, the retail price charged by hospitals at the county level or above may not exceed 115% of the procurement cost of the relevant pharmaceutical products or 125% for Chinese herbal pieces.

The NDRC promulgated the Notice on Adjusting the Price of Some Pharmaceutical Products (including drugs used for treatment of respiratory disease, antipyretic and analgesic drugs and drugs with special treatment effect) and Related Issue (國家發展改革委關於調整呼吸解熱鎮痛和專科特殊用藥等藥品價格及有關問題的通知) on 31 December 2012, which came into effect on 1 February 2013. The lists attached to the notice prescribed the maximum retail prices of pharmaceutical products that are subject to separate pricing or centralised pricing. The medical institutions, retail drugstores, drug manufacturers and drug supply enterprises shall not sell the pharmaceutical products at a price higher than the maximum retail prices. The price administration at the provincial level is authorised to determine maximum retail price in its administration region for the drugs that are not subject to price control by the NDRC, and the maximum retail prices for the pharmaceutical products, of which the dosage forms or specifications were not included in the lists.

According to the Notice concerning the Related Issues of NDRC Adjusting its Pharmaceutical Products Price Control Catalogue (國家發展改革委關於調整<國家發展改革委定價藥品目錄>等有關問題的通知) promulgated by the NDRC on 5 March 2010 and effective on 1 April 2010, and the Notice concerning the Related Issues of Price Control Bureau of Guangxi Zhuang Autonomous Region Adjusting the Governmental Pharmaceutical Products Price Control Catalogue of Guangxi Zhuang Autonomous Region (廣西壯族自治區物價局關於調整<廣西壯族自治區政府定價藥品目錄>等有關問題的通知) promulgated by the Price Control Bureau of Guangxi Zhuang Autonomous Region (廣西壯族自治區物價局) on 28 December 2010 and effective on 1 January 2011, for those pharmaceutical products within the governmental price control catalogue of Guangxi Zhuang Autonomous Region, which have been introduced into the market for sale but the NDRC or the Price Control Bureau of Guangxi Zhuang Autonomous Region have not determined and promulgated the government guidance price. In addition, according to the Notice Regarding the Promulgation of the Opinions of the Improvement of the Pharmaceutical Products Price Reformation by NDRC, NHFPC, Ministry of Human Resources and Social Security of the PRC, Ministry of Industry and Information Technology of the PRC, MOF, MOFCOM and CFDA (國家發展改革委、國家衛生計生委、人力資源社會保障部、工業和信息化部、財政部、商務部、食品藥品監管總局關於印發推進藥品價格改革意見的通知), such prices should be determined by the pharmaceutical products manufacturers and based on the market condition.

Golden Throat Lozenges (OTC) was within the scope of Guangxi Provincial Basic Drugs (廣西省級基礎藥物) prior to November 2013 and was as a result included in the Guangxi Governmental Pharmaceutical Products Price Control Catalogue, which includes, amongst others, drugs within the scope of Guangxi Provincial Basic Drugs. However, there had been no fixed or maximum prices promulgated by any authorities in China on Golden Throat Lozenges (OTC).

Golden Throat Lozenges (OTC) in the new packaging configuration was introduced in August 2013, after which we applied with the Pharmaceutical Affairs Office of the Health Department of Guangxi Zhuang Autonomous Region (廣西壯族自治區衛生廳藥政處) to remove Golden Throat Lozenges (OTC) from the scope of the Guangxi Provincial Basic Drugs on our own initiative. As of the Latest Practicable Date, an updated scope of Guangxi Provincial Basic Drugs to reflect such removal has not yet been published.

In addition, as Golden Throat Lozenges (OTC) was at such time still within the governmental price control catalogue of Guangxi Zhuang Autonomous Region, although there had been no fixed or maximum prices promulgated by any authorities in China on Golden Throat Lozenges (OTC), we, for the purpose of eliminating uncertainties, consider it commercially desirable for us to have full flexibility to adjust the price for Golden Throat Lozenges (OTC) in the new packaging configuration. As a result, we consulted with the Price Control Bureau of Guangxi Zhuang Autonomous Region (廣西壯族自治區物價局) on how the governmental guidance price would be applicable to Golden Throat Lozenges (OTC) in the new packaging configuration. We obtained the written reply from the Price Control Bureau of Guangxi Zhuang Autonomous Region in November 2013. The reply indicated that because no governmental guidance price has been set for Golden Throat Lozenges (OTC) in the new packaging configuration, the Company was allowed to set the price of Golden Throat Lozenges (OTC) in the new packaging configuration by itself based on the production costs and the market supply-demand situation.

On the basis of the above, as confirmed by our PRC legal adviser, because no governmental guidance price has been set for Golden Throat Lozenges (OTC) in the new packaging configuration, we are allowed to set the price of Golden Throat Lozenges (OTC) in the new packaging configuration by ourselves based on the production costs and the market supply-demand situation according to the written reply issued by the Price Control Bureau of Guangxi Zhuang Autonomous Region which was made based on the Notice concerning the Related Issues of the NDRC Adjusting its Pharmaceutical Products Price Control Catalogue. Please refer to the section headed "Risk Factors – Risks Relating to Our Industry – The pharmaceutical and food industries in China are highly regulated, and future government regulations may place additional burdens on our business, as well as have a material adverse effect on our financial condition, results of operations and prospects" in this prospectus for further details of the risk of our products subject to price control.

With respect to medicines that are not subject to price controls, the pharmaceutical manufacturers can freely determine the retail prices. Sales of pharmaceutical products by pharmaceutical manufacturers in China to overseas markets are not subject to price controls.

PROVISIONS ON PRODUCTION OF OTHER PRODUCTS

Health food manufacturing

Pursuant to the Measures for the Administration of Health Food (保健食品管理辦法) which was promulgated on 15 March 1996 by the MOH and effective from 1 June 1996 and the Administrative Measures on the Registration of Health Food (for Trial Implementation) (保健食品註冊管理辦法(試行)), which was promulgated on 30 April 2005 by the CFDA and effective from 1 July 2005, health food refers to the food as claimed to have special health function or focuses on supplementing vitamins or minerals which is suitable for special population, has function of regulating the institutions instead of treating diseases, and will not bring any acute, sub-acute or chronic damages to the body. The MOH (replaced by the CFDA according to the Administrative Measures on the Registration of Health Food) adopts approval system for health food and its package insert. The CFDA shall issue the "Certificate of Approval for Health Food" for qualified health food. Any foods being granted the "Certificate of Approval for Health Food" are allowed to use the logo of health food provided by the CFDA. Medicines that have been approved for production and operation by relevant state authorities are not eligible for the "Certificate of Approval for Health Food".

TAXATION

Income tax

According to the EIT Law which was promulgated by the National People's Congress on 16 March 2007 and became effective on 1 January 2008, the income tax rate for both domestic and foreign-invested enterprises is 25% commencing 1 January 2008.

Under the EIT Law, high and new technology enterprises that require key state support are subject to the applicable enterprise income tax rate with a reduction of 15%. In accordance with the Circular on Issues Concerning Tax Policies for In-depth Implementation of Western Development Strategies (Cai Shui [2011] No. 58) (關於深入實施西部大開發戰略有關稅收政策問題的通知(財稅[2011]58號)), from 1 January 2011 to 31 December 2020, enterprise income tax may be levied at a reduced tax rate of 15% on enterprises in encouraged industries that are established in the western region.

Value-added tax

Pursuant to the Provisional Regulations on Value-added Tax of the PRC (中華人民共和國增值稅暫行條例), which was promulgated by the State Council on 13 December 1993 and amended on 10 November 2008 and which became effective on 1 January 2009, all entities or individuals in China engaged in the sale of goods, processing services, repair and replacement services, and the importation of goods are required to pay value-added tax ("**VAT**"). VAT payable is calculated as "output VAT" minus "input VAT", and the rate of VAT is 17% or in certain limited circumstances, 13%, depending on the products.

Business tax

Pursuant to the Provisional Regulations of the PRC on Business Tax (中華人民共和國營業稅暫行條例) effective from 1 January 1994, as amended on 19 February 1997 and 10 November 2008, and its implementation rules, all institutions and individuals providing taxable services, transferring intangible assets or selling real estate within China must pay business tax. The items and rates of business tax shall be implemented in accordance with the List of Items and Rates of Business Tax (營業稅稅目稅率表) attached to the regulation.

PROTECTION OF PHARMACEUTICAL PRODUCTS IN CHINA

Patent law

Under the PRC Patent Law (中華人民共和國專利法), which was promulgated by the Standing Committee of the National People's Congress on 12 March 1984 and effective from 1 April 1985, as amended on 4 September 1992, 25 August 2000 and 27 December 2008, the period of patents relating to inventions are 20 years from the initial date the patent application was filed and the patent becomes effective upon the authorisation announcement is published by the SIPO. The period of patents relating to utility model patents and design patents are ten years from the initial date the patent application was filed and the patent becomes effective upon the authorisation announcement is published by the SIPO. Any persons and entities using the patent in the absence of authorisation from the patent owner or conducting other activities which infringe upon patent rights will be held liable for compensation to the patent owner, subject to fines charged by relevant administrative authorities and may include criminal liabilities, as the case may be.

Trademark law

Under the PRC Trademark Law (中華人民共和國商標法), which was promulgated by the Standing Committee of the National People's Congress on 23 August 1982 and became effective from 1 March 1983, as amended on 22 February 1993, 27 October 2001 and 30 August 2013, the Trademark Office of State Administration of Industry and Commerce is responsible for the registration and administration of trademarks throughout the country. The period of validity of a registered trademark is ten years from the date of registration; renewal is allowed thereafter and the period of validity of each renewal of registration is ten years. Any persons and entities using the registered trademark in the absence of authorisation from the registered trademark holder or conducting other activities which infringe upon registered trademark rights will be held liable for compensation to the registered trademark holder, subject to fines charged by relevant administrative authorities and may include criminal liabilities, as the case may be.

Well-known trademark administration

As required by the Trademark Law of the PRC (2001 Revision), as amended 30 August 2013 and effective from 1 May 2014, the Provisions for the Determination and Protection of Well-known Trademarks (馳名商標認定和保護規定) (Order No. 5 of the State Administration for Industry and Commerce, effective from 1 June 2003 and amended on 3 July 2014) and the Working Instructions of the State Administration for Industry and Commerce for the Determination of Well-known Trademarks (馳名商標認定工作細則) (No. 81 [2009] of the State Administration for Industry and Commerce, effective from 21 April 2009), well-known trademarks refer to reputable trademarks well known to the relevant public in China. The following factors shall be taken into consideration in the determination of a well-known trademark, on the premise that the trademark is not required to satisfy all of these factors: (1) the popularity of the trademark among the relevant public; (2) the duration in which the trademark is in continued use; (3) the duration, extent and geographical coverage of any advertisement of the trademark; (4) Records of the protection of the trademark as a well-known trademark; and (5) other factors contributing to the popularity of a trademark.

Having received an application for the protection of a well-known trademark during the course of the administration of trademarks, the Trademark Office shall make a decision in accordance with the timeline and procedural requirements under the Provisions for the Determination and Protection of Well-known Trademarks.

If a trademark of identical or similar commodity for which an application for registration is filed is the copy, imitation or translation of a well-known trademark of others which has not been registered in China, and is likely to cause confusion, it shall not be registered and shall be prohibited from use. If a trademark of a different or dissimilar commodity for which an application for registration is filed is the copy, imitation or translation of a well-known trademark of others which has been registered in China, and is likely to mislead the public and lead to possible damage to the interests of the registrant of that well-known trademark, it shall not be registered and shall be prohibited from use.

ENVIRONMENTAL PROTECTION

The Ministry of Environmental Protection of the PRC (中華人民共和國環境保護部) is responsible for the uniform supervision and control of environmental protection in China. It formulates national environmental quality and discharge standards and monitors the PRC's environmental system. Environmental protection bureaus at the county level and above are responsible for environmental protection within their areas of jurisdiction.

Pursuant to the Environmental Protection Law of the PRC (中華人民共和國環境保護法) (the "**Environmental Protection Law**"), promulgated on and effective from 26 December 1989 and amended on 24 April 2014 and effective from 1 January 2015, by the Standing Committee of the National People's Congress, the environmental protection department of the State Council is in charge of promulgating national standards for environmental protection. The Environmental Protection Law requires any facility that produces pollutants or other hazards to incorporate environmental protection measures in its operations and establish an environmental protection responsibility system. Any entity that discharges pollution must register with the relevant environmental protection authority. Remedial measures for breaches of the Environmental Protection Law include a warning, payment of damages or imposition of a fine. Criminal liability may be imposed for a material violation of environmental laws and regulations that causes loss of property, personal injuries or death.

Pursuant to the Law on Environmental Impact Evaluation of the PRC (中華人民共和國環境影響評價法) promulgated on 28 October 2002 and effective from 1 September 2003, by the Standing Committee of the National People's Congress, manufacturers must prepare and file an environmental impact report setting forth the impact that the proposed construction project may have on the environment and the measures to prevent or mitigate the impact for approval by the relevant PRC government authority prior to commencement of construction of the relevant project. New facilities built pursuant to this approval are not permitted to operate until the relevant environmental bureau has performed an inspection and is satisfied that the facilities are in compliance with environmental standards.

Pursuant to the Air Pollution Prevention Law of the PRC (中華人民共和國大氣污染防治法) promulgated by the Standing Committee of the National People's Congress on 5 September 1987, last amended on 29 April 2000 and effective from 1 September 2000, the environmental protection authorities above the county level are in charge of exercising unified supervision and administration of prevention and control of air pollution. Manufacturers discharging polluted air must comply with applicable national and local standards. Manufacturers discharging polluted air must pay polluted air discharging fees. If a manufacturer emits polluted air exceeding national or local standards, it must correct its action during a prescribed period of time and the manufacturer may be subject to penalties.

Pursuant to the Water Pollution Prevention Law of the PRC (中華人民共和國水污染防治法) promulgated by the Standing Committee of the National People's Congress on 11 May 1984, amended on 15 May 1996 and 28 February 2008, and effective from 1 June 2008, manufacturers must discharge water pollutants in accordance with national and local standards.

If the water pollutants discharged exceed national or local standards, the manufacturer would be subject to fines amounting to two to five times the water pollutants treatment fees. In addition, the environmental protection authority has the right to order such manufacturer to correct their actions by reducing the amount of discharge during a stipulated period of time by restricting or suspending their operations. If the manufacturer fails to correct its action at the expiration of the stipulated period, the environmental protection authority may, subject to approval by the relevant level of the PRC government, shut down the manufacturer.

According to the Law of the PRC on Prevention and Control of Environmental Pollution by Noise (中華人民共和國環境噪聲污染防治法) promulgated on 29 October 1996 and effective as of 1 March 1997, new construction project, expansion, or reconstruction project that discharges noise shall be subject to the state regulations on environmental protection of construction projects. Industrial enterprises that discharge noise during industrial production with fixed facilities shall report to the local environmental protection department categories and quantities of their existing facilities for discharging noise, and the noise volume of noise discharged under their normal operation conditions as well as treating facilities against noise, and also submit to the same department technical information with regard to the prevention and control of noise pollution. Units discharge noise exceeding the relevant standards shall pay the discharge fee subject to the regulations.

OCCUPATIONAL HEALTH AND SAFETY

Pursuant to the Labour Law of the PRC (中華人民共和國勞動法) promulgated by the Standing Committee of the National People's Congress on 5 July 1994 and effective from 1 January 1995, as amended on 27 August 2009, employers must establish a comprehensive management system to protect the rights of their employees, including a system governing occupational health and safety to provide employees with occupational training to prevent occupational injury.

Pursuant to the Law of Manufacturing Safety of the PRC (中華人民共和國安全生產法) promulgated by the Standing Committee of the National People's Congress on 29 June 2002 and effective from 1 November 2002, as amended on 27 August 2009 and 31 August 2014, manufacturers must establish a comprehensive management system to ensure manufacturing safety in accordance with applicable laws and regulations. Manufacturers who do not meet relevant legal requirements are not permitted to commence manufacturing activities.

Pursuant to the PRC Labour Contract Law (中華人民共和國勞動合同法) promulgated by the Standing Committee of the National People's Congress on 29 June 2007 and effective from 1 January 2008, as amended on 28 December 2012 and came into effect on 1 July 2013, employers are required, when employing labour, to truthfully inform prospective employees of the job description, working conditions, location, occupational hazards and status of safe production as well as remuneration and other conditions as requested by the PRC Labour Contract Law.

PRODUCT LIABILITY AND PROTECTION OF CONSUMERS

Product liability claims may arise if the products sold have any harmful effects on consumers. The injured party may file claims for damages or compensation. The General Principles of the Civil Law of the PRC (中華人民共和國民法通則), which was promulgated by the National People's Congress on 12 April 1986 and became effective from 1 January 1987, as amended on 27 August 2009, states that manufacturers and sellers of defective products causing property damage or injury shall incur civil liabilities.

The Product Quality Law of the PRC (中華人民共和國產品質量法) was promulgated on 22 February 1993 and effective from 1 September 1993 by the Standing Committee of the National People's Congress, as amended on 8 July 2000 and 27 August 2009, to strengthen quality control of products and protect consumers' rights. Under this law, manufacturers and operators who produce and sell defective products may be subject to the confiscation of earnings from such sales, the revocation of business licences and imposition of fines, and in severe circumstances, may be subject to criminal liability.

The Law of the PRC on the Protection of the Rights and Interests of Consumers (中華人民共和國消費者權益保護法) was promulgated by the Standing Committee of the National People's Congress on 31 October 1993 and effective from 1 January 1994 and amended on 27 August 2009 and 25 October 2013 to protect consumers' rights when they purchase or use goods and accept services. All business operators must comply with this law when they manufacture or sell goods and provide services to customers. In extreme situations, pharmaceutical product manufacturers and operators may be subject to criminal liability if their goods or services lead to the death or injuries of customers or other third parties.

On 26 December 2009, the Standing Committee of the National People's Congress of the PRC promulgated the PRC Tort Liability Law (中華人民共和國侵權責任法), which became effective from 1 July 2010. Producers shall bear liability for damage caused to others by their defective products, and for such damage, the injured party may seek compensation from either the producer or the seller. Where the product defect is caused by the producer, the seller may, after paying compensation, claim the same from the producer. Where the product defect is caused by the seller, the producer may, after paying compensation, claim the same from the seller. With respect to the environment, the PRC Tort Liability Law highlighted the principle that polluters are to assume liability in respect of harm caused by their environmental pollution, irrespective of whether they have breached national environmental protection regulations.

PROVISIONS RELATING TO FOREIGN EXCHANGE

The Foreign Exchange Administrative Regulations of the PRC (中華人民共和國外匯管理條例) (the "**Foreign Exchange Administrative Regulations**"), which was promulgated on 29 January 1996 and implemented since 1 April 1996 and was amended on 14 January 1997 and 5 August 2008, forms an important legal basis for the PRC authorities to supervise and regulate foreign exchange.

According to Foreign Exchange Administrative Regulations, Renminbi is generally freely convertible for payments of current account items, such as trade and service-related foreign exchange transactions and dividend payments, but not freely convertible for capital account items, such as capital transfer, direct investment, investment in securities, derivative products or loans unless prior approval of the SAFE is obtained.

Foreign-invested enterprises in China may purchase foreign exchange without the approval of the SAFE for paying dividends by providing certain evidencing documents (board resolutions, tax certificates, etc.), or for trade and services-related foreign exchange.

In accordance with the "Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents to Engage in Overseas Investment and Financing and Inbound Investment via Special Purpose Vehicles" (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the "**Circular No. 37**") promulgated by the State Administration of Foreign Exchange and which became effective on 4 July 2014, a "special purpose vehicle" means an overseas enterprise directly established or indirectly controlled by a domestic resident (including domestic institution and domestic individual residents) for the purpose of engaging in investment and financing with the domestic enterprise assets or interests he legally holds, or with the overseas assets or interests he legally holds. In addition, the registration for and the relevant foreign exchange administration over a special purpose vehicle established by a domestic resident shall be subject to the Circular No. 37.

LABOUR AND INSURANCE

The relevant labour laws in China include the PRC Labour Law (中華人民共和國勞動法) (the "**Labour Law**") (effective from 1 January 1995), the PRC Labour Contract Law (中華人民共和國勞動合同法) (effective from 1 January 2008), the Social Insurance Law of the PRC (中華人民共和國社會保險法) (effective from 1 July 2011), the Regulation of Insurance for Work-Related Injury (工傷保險條例) (effective from 1 January 2011), the Provisional Measures on Insurance for Maternity of Employees (企業職工生育保險試行辦法) (effective from 1 January 1995), the Interim Regulation on the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) (effective from 22 January 1999), the Interim Provisions on Registration of Social Insurance (社會保險登記管理暫行辦法) (effective from 19 March 1999), the Regulations on the Administration of Housing Accumulation Funds (住房公積金管理條例) (effective from 24 March 2002), and other related law and regulations issued by relevant governmental authorities from time to time in China.

The Labour Law was promulgated by the Standing Committee of the National People's Congress on 5 July 1994. According to the Labour Law, employees are entitled to have equal opportunities in employment, selection of occupations, receiving wages and remuneration, rest days and holidays, protection of occupational safety and health, the rights to social insurance and welfare, etc. An employee shall not work for more than eight hours a day and no more than 44 hours a week on average. The employers must establish and improve the system for occupational safety and health, provide education on occupational safety and health to employees, and comply with the State and/or local regulations of occupational safety and health as well as provide the necessary labour protective measures to employees.

On 29 June 2007, the PRC Labour Contract Law, another important law concerning employees, was adopted by the Standing Committee of the National People's Congress and came into effect on 1 January 2008 and was amended on 28 December 2012. According to the PRC Labour Contract Law, labour contracts must be executed in order to establish a labour relationship between an employer and employees. When an employer is recruiting employees, it should inform the employees truthfully the content of work, working conditions, place of work, occupational hazards, safe production conditions, labour remuneration and other circumstances requested to be notified by the employees. An employer and an employee shall fully perform their respective obligations in accordance with the terms set forth in the labour contract. An employer must make payment for employee remuneration timely and in full amount in accordance with the contract terms, must strictly abide by the fixed standard of labour work, and must not force or threaten an employee in disguise to work overtime. After the labour contract is released or terminated, the employer should issue a proof of release or termination of the labour contract to the employee, and complete the filing procedure and transfer of social insurance relationship for the employee within 15 days.

Under the Social Insurance Law, the Regulation of Insurance for Work-Related Injury, the Provisional Measures on Insurance for Maternity of Employees, the Interim Regulation on the Collection and Payment of Social Insurance Premiums, and the Interim Provisions on Registration of Social Insurance, an employer is required to contribute the social insurance for its employees, including the basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and injury insurance.

Under the Regulations on the Administration of Housing Accumulation Funds, promulgated by the State Council on 3 April 1999 and as amended on 24 March 2002, employers are required to make contributions to a housing accumulation fund for their employees.

M&A REGULATION

Under the Provisions on the Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the "**M&A Regulation**"), mergers and acquisitions of domestic enterprises by foreign investors must be reviewed and approved by the MOFCOM or its provincial branches. Particularly, the M&A Regulation requires special purpose offshore companies formed for overseas listing purposes and controlled directly or indirectly by PRC companies or individuals to obtain the approval of the CSRC prior to publicly listing their securities on an overseas stock exchange.

Under the Interim Provisions on Foreign-invested Enterprises Investing Domestic Enterprises (關於外商投資企業境內投資的暫行規定) (promulgated on 25 July 2000 and effective on 1 September 2000), the investments in China by the foreign investment enterprises refer to the activities of establishing enterprises through investment or purchasing equity interests of investors of other enterprises within China by the foreign investment enterprises. The foreign investment enterprises are not permitted to invest in the fields in which foreign investment is prohibited. Any foreign investment enterprise that intends to invest and establish a company in the fields of the encouraged category or the permitted category of foreign investment shall register and file with the company registration authority at the place where the invested company is located. Within 30 days upon establishment of the invested company, the foreign investment enterprise shall report and file the relevant documents with the competent original examination and approval authority.

OVERVIEW

The Company's history dates back to 1956 when Liuzhou No.2 Sweet Factory (柳州市糖果二廠), the predecessor of Golden Throat Company, was established. Golden Throat Company has developed into a comprehensive modern group mainly engaging in the manufacture and sale of lozenges and other pharmaceutical and food products. Golden Throat Company directly or indirectly holds three major operating subsidiaries, namely Golden Throat Health Food, Golden Throat Medical and Golden Throat Pharmaceutical.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 2 September 2014. As part of the Reorganisation, on 25 December 2014, Golden Throat Investment, a wholly-owned subsidiary of Golden Throat Industrial, acquired all the shares of Golden Throat Company from its then shareholders. On 16 December 2014, the Company acquired the only share of Golden Throat Industrial. Following the Reorganisation, the Company indirectly holds all the shares of Golden Throat Company and other operating companies of the Group in China.

As of the Latest Practicable Date, each of Jin Jiang Global (through Golden Throat International), Jin Chen Global and Jin Qing Global, all of which were incorporated in the British Virgin Islands, held approximately 82.3%, 14.6% and 3.1% of the total issued share capital of the Company, respectively as nominee investment holding companies for the three trusts described below. Immediately upon the completion of the Global Offering (assuming the Over-allotment Option is not exercised), each of Jin Jiang Global (through Golden Throat International), Jin Chen Global and Jin Qing Global will hold approximately 61.7%, 10.9% and 2.4% of the total issued share capital of the Company, respectively as nominee investment holding companies of the said trusts.

BUSINESS MILESTONES

The following sets forth significant business developments and milestones of our businesses:

1956 • Liuzhou No.2 Sweet Factory (柳州市糖果二廠), the predecessor of Golden Throat Company, was founded.

1994 • We commenced production and sale of Golden Throat Lozenges (OTC)*, a patented over-the-counter medicine product in China approved by the CFDA under the category of lozenges and one of our current key products.

1998 • Golden Throat Company was established.

• We established our research and development centre to focus on the research and development of new natural active ingredients and products with new formulations.

2001 • Golden Throat Health Food was established.

Note:

* *Originally approved in the name of "Golden Throat Lozenge (金嗓子喉寶)"*

2004 • Golden Throat Medical was established.

2005 • We commenced production and sale of "Dule Lozenges (都樂含片)".

2006 • Golden Throat Pharmaceutical was established.

2013 • We commenced production and sale of Golden Throat Lozenge Series Products (sugar-free series).

2014 • We acquired 95.6% equity interest in Weikete, which was later disposed of during the Reorganisation.

• The Company was incorporated in the Cayman Islands to be the ultimate holding company of the Group and the Reorganisation was carried out.

EVOLUTION OF THE GROUP

Set forth below are the history and development of our major operating subsidiaries:

Golden Throat Company

Golden Throat Company was established in Liuzhou, Guangxi Zhuang Autonomous Region, China on 18 September 1998 with an initial registered capital of approximately RMB25.3 million. The individual shareholders, including Ms. JIANG Peizhen as the original controlling shareholder, made capital contribution by using their own financial resources. Following a capital increase in 2001, as of the Latest Practicable Date, the registered capital of Golden Throat Company was approximately RMB30.3 million. The entrustment letter dated 16 November 2009 and the supplementary entrustment agreement dated 23 February 2015 entered into between Ms. JIANG Peizhen, Mr. ZENG Yong (the son of Ms. JIANG Peizhen) and other members of their family (together, the "**Entrustment Agreements**") provide that the shares in Golden Throat Company and other operating companies of the Group in China registered under the name of or for the account of Ms. JIANG Peizhen, which represented approximately 70.3% and 1.6% equity interest in Golden Throat Company and Golden Throat Pharmaceutical, respectively, were held by Ms. JIANG Peizhen on behalf of Mr. ZENG Yong prior to the Reorganisation. For further details, please refer to the section headed "Relationship with the Controlling Shareholders" in this prospectus.

Following the Reorganisation, as a wholly-owned subsidiary of the Company, Golden Throat Company is primarily engaged in, amongst others, the manufacturing and sales of Golden Throat Lozenges (OTC), granules, hard capsules (including pre-treatment and extraction of Chinese medicine) and candies, and importing and exporting of goods.

Golden Throat Health Food

Golden Throat Health Food was established as a limited liability company in Liuzhou, Guangxi Zhuang Autonomous Region, China on 26 September 2001 with an initial registered capital of RMB21 million. Following a capital decrease in 2003 and a capital increase in 2005, as of the Latest Practicable Date, the registered capital of Golden Throat Health Food was RMB3.2 million and was wholly-owned by Golden Throat Company. Golden Throat Health Food is primarily engaged in the manufacturing and sales of candies (including lozenge products under the brand name of "Dule (都樂)"), medical apparatus and food products.

Golden Throat Medical

Golden Throat Medical was established as a limited liability company in Nanning, Guangxi Zhuang Autonomous Region, China on 11 November 2004 with an initial registered capital of RMB5 million and was wholly-owned by Golden Throat Company. Since then, the registered capital of Golden Throat Medical has not been changed. Golden Throat Medical is primarily engaged in wholesale of Chinese herbs, proprietary Chinese medicine, Chinese medicine in small pieces, chemical raw material medicine and preparation, antibiotics, biological products and wholesale and retail of pre-packaged food products.

Golden Throat Pharmaceutical

Golden Throat Pharmaceutical was established as a joint stock limited company in Laibin, Guangxi Zhuang Autonomous Region, China on 21 December 2006 with an initial registered capital of RMB30 million with 93%, 5.4% and 1.6% held by Golden Throat Company, Golden Throat Health Food and Ms. JIANG Peizhen (on behalf of Mr. ZENG Yong pursuant to the Entrustment Agreements), respectively, immediately prior to the Reorganisation. In accordance with an agreement entered into between Ms. JIANG Peizhen and Golden Throat Health Food on 11 May 2011 to transfer her then entire 5% shareholding in Golden Throat Pharmaceutical to Golden Throat Health Food, the consideration for which had been fully paid in 2011 and the filing procedure with the local SAIC had been arranged, such transfer took place by stages due to PRC legal restrictions on share transfer by directors of joint stock companies with limited liability. Since the Reorganisation, another 0.4% of the registered share capital has been so transferred.

Golden Throat Pharmaceutical is primarily engaged in the manufacturing and sales of tablets, granules, syrup, hard capsule, tincture (oral), tea agent, lotions, mixture (including the pre-treatment and extraction of Chinese Medicine) and compound wine products.

Acquisition of Guangxi Weikete Biological Technology Co., Ltd.

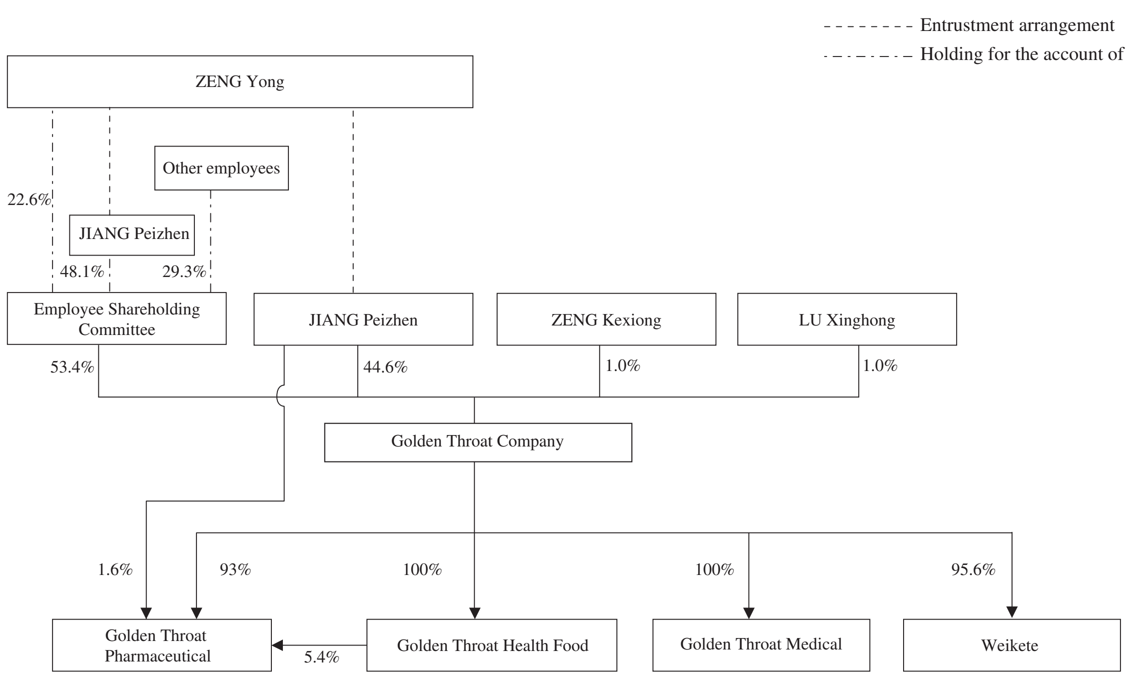
Weikete, formerly known as Guangxi Investment Group Weikete Biological Technology Co., Ltd. (廣西投資集團維科特生物技術有限公司), was established in China on 7 November 2001. On 26 March 2014, Golden Throat Company entered into an equity transfer agreement with Guangxi Investment Group Co., Ltd. (廣西投資集團有限公司) to acquire 95.6% equity interest in Weikete at a total consideration of RMB11,535,300, which was based on Independent Third Party valuation with a benchmark date of 30 November 2012 and was agreed after arm's length negotiations between the parties. Had the acquisition taken place at the beginning of the year, the revenue of the Group for the year ended 31 December 2014 would have been RMB615,367,000 and the profit of the Group for the year ended 31 December 2014 would have been RMB171,631,000, being the sum of (i) the profit of the Group of RMB121,710,000 for the year ended 31 December 2014 and (ii) the profit of Weikete from 1 January 2014 to 28 May 2014, which is RMB49,921,000. The reason for Weikete recording a net profit from 1 January 2014 to 28 May 2014 but a net loss after being consolidated into our financial statements for the year ended 31 December 2014 was primarily due to the debt waived by Guangxi Investment Group Co., Ltd. amounting to RMB53,760,000 in March 2014. This acquisition was completed on 29 May 2014. Our PRC legal adviser has also confirmed that we have obtained all material approvals and permits under PRC laws and regulations in connection with this acquisition. Golden Throat Company later disposed of the above equity interest as part of the Reorganisation.

Weikete is primarily engaged in manufacturing isomalt and isomaltulose syrup.

REORGANISATION

In preparation for the Listing, the Group underwent several Reorganisation steps in order to establish an offshore and onshore shareholding structure through which the Company would hold the entire equity interest in Golden Throat Company and the other operating companies of the Group in China.

Set out below is the corporate structure of the Group immediately prior to the Reorganisation:



The Reorganisation consists of the following steps:

Incorporation of the Company

On 2 September 2014, the Company was incorporated in the Cayman Islands as an exempted company under the Cayman Companies Law to be the ultimate holding company of the Group. The initial authorised share capital of the Company was US$50,000 divided into 50,000 shares of a nominal value of US$1.00 each. On 4 October 2014, one share of a par value of US$1.00, being the entire issued share capital of the Company was transferred to Jin Chen Global, and a second Share of US$1.00 par value was issued fully paid on the same day, to Jin Jiang Global. Both shares were acquired by the holders as nominees for Mr. ZENG Yong. In anticipation of Mr. ZENG Yong setting up the Family Trust, the Employees Trust and the Senior Management Trust, on 16 December 2014, Jin Jiang Global transferred its one share of US$1.00 par value in the Company at par to Jin Qing Global and the Company issued a third share of US$1.00 par value fully paid to Golden Throat International.

Incorporation of Golden Throat Industrial

On 23 April 2012, Golden Throat Industrial was incorporated under the laws of Hong Kong as our intermediate holding company of our PRC subsidiaries. On 16 December 2014, the only share of Golden Throat Industrial was transferred by Mr. ZENG Yong to the Company at par, after which date Golden Throat Industrial became, and remains, a direct wholly-owned subsidiary of the Group.

Establishment of Golden Throat Investment

On 27 November 2014, Golden Throat Investment was established in Liuzhou, Guangxi Zhuang Autonomous Region, China under the laws of the PRC by Golden Throat Industrial as a wholly foreign-owned enterprise with a registered capital of RMB0.1 million. Golden Throat Investment is a direct wholly-owned subsidiary of Golden Throat Industrial. Golden Throat Investment is primarily engaged in, amongst others, investment management and investment consulting.

Acquisition of Golden Throat Company by Golden Throat Investment

On 25 December 2014, Golden Throat Investment entered into an equity transfer agreement with the Employee Shareholding Committee, Ms. JIANG Peizhen, Mr. ZENG Kexiong and Mr. LU Xinghong, under which Golden Throat Investment acquired 53.4%, 44.6%, 1.0% and 1.0% equity interest in Golden Throat Company from the Employee Shareholding Committee, Ms. JIANG Peizhen, Mr. ZENG Kexiong and Mr. LU Xinghong, respectively, for considerations of RMB16,173,616, RMB13,492,137, RMB299,623.5 and RMB299,623.5, respectively, which were based on the amount of registered capital of Golden Throat Company. Pursuant to a credit and debt set-off agreement dated 10 February 2015 (the "**Credit and Debt Set-off Agreement**"), the amounts receivable by the above transferors (other than Ms. JIANG Peizhen) were transferred to Ms. JIANG Peizhen in return for such transferors acquiring an equivalent percentage of shareholding through the establishment of relevant trusts referred to below, and the amounts receivable by Ms. JIANG Peizhen were set off against the considerations payable by companies controlled by Ms. JIANG Peizhen for acquiring the businesses transferred out of the Group during the Reorganisation. Following the acquisition by Golden Throat Investment, Golden Throat Company became an indirect wholly-owned subsidiary of the Company. Our PRC legal adviser has confirmed that we have completed all the necessary filling and registration with the relevant PRC government authorities for this acquisition and that this acquisition has been properly and legally completed and fully settled.

Incorporation of Offshore Trustee Companies

Jin Jiang Global

On 23 September 2014, Jin Jiang Global was incorporated under the laws of the British Virgin Islands as an investment holding company. The only share of Jin Jiang Global was transferred to Mr. ZENG Yong on 16 December 2014.

Golden Throat International

On 3 April 2012, Golden Throat International was incorporated under the laws of the British Virgin Islands as an investment holding company. All issued shares of Golden Throat International were transferred to Jin Jiang Global on 16 December 2014.

Jin Chen Global

On 2 September 2014, Jin Chen Global was incorporated under the laws of the British Virgin Islands as an investment holding company. The only share of Jin Chen Global was transferred to Mr. ZENG Yong on 16 December 2014.

Jin Qing Global

On 23 September 2014, Jin Qing Global was incorporated under the laws of the British Virgin Islands as an investment holding company. The only share of Jin Qing Global was alloted to Mr. ZENG Yong on 16 December 2014.

Establishment of the Trusts

On 25 February 2015, Mr. ZENG Yong, as the settlor and the protector, established three irrevocable discretionary trusts, namely (1) the Family Trust, (2) the Employees Trust and (3) Senior Management Trust. On the same day Mr. ZENG Yong transferred his entire interests in Jin Jiang Global, Jin Chen Global and Jin Qing Global to the trustees of the Family Trust, the Employees Trust and the Senior Management Trust, respectively. The respective trust arrangements are as follows:

Settlor	Trustee Company	Trust Property	Protector
Mr. ZENG Yong . . .	Sovereign Trust International Limited	One (1) share (100% equity) in Jin Jiang Global	Mr. ZENG Yong
Mr. ZENG Yong . . .	Jin Chen Employee Holdings Limited	One (1) share (100% equity) in Jin Chen Global	Ms. JIANG Peizhen
Mr. ZENG Yong . . .	Jin Chen Employee Holdings Limited	One (1) share (100% equity) in Jin Qing Global	Ms. JIANG Peizhen

Trustee Companies and Beneficial Interests

The three trust deeds were all dated 25 February 2015 and the first trust deed appointed Sovereign Trust International Limited as trustee of the Family Trust. The second and third trust deeds appointed Jin Chen Employee Holdings Limited as trustee of the Employees Trust and Senior Management Trust, respectively. Mr. ZENG Yong was appointed as the protector of the Family Trust and has accepted his appointment. Ms. JIANG Peizhen was appointed as the protector of the Employees Trust and the Senior Management Trust and has accepted her appointment.

Sovereign Trust International Limited, an associated company of Sovereign Trust (Hong Kong) Limited, is a professional corporate trustee licensed by the Gibraltar Financial Services Commission. Jin Chen Employee Holdings Limited is a private trust company incorporated in Gibraltar and managed and controlled by Sovereign Trust International Limited as its corporate director.

The assets of the Family Trust are held by Sovereign Trust International Limited for the benefit of Mr. ZENG Yong and his children and descendants. The assets of the Employees Trust are held by Jin Chen Employee Holdings Limited for the benefit of certain employees or former employees of Golden Throat Company and their dependants and the assets of the Senior Management Trust are held by Jin Chen Employee Holdings Limited for the benefit of certain senior management employed or formerly employed by Golden Throat Company and their dependants.

The three trusts were established and enforceable under the law of Gibraltar and the trust deeds grant customary powers to the trustees including power to pay or apply the whole or any part of the income or capital of the trust fund to or for the maintenance or benefit of all or any one or more of the beneficiaries. Under all three trusts, certain discretions of the trustee are only exercisable by the trustee with the consent of the protector, Mr. ZENG Yong (in the case of the Family Trust) or Ms. JIANG Peizhen (in the cases of the Employees Trust and the Senior Management Trust). This includes, amongst others, (i) any advancement of income or capital, (ii) the addition or exclusion of beneficiaries, (iii) any change of the proper law, and (iv) any amendment to the trust deed.

Under the trust deeds for the Employees Trust and Senior Management Trust, Ms. JIANG Peizhen has the power to appoint or remove trustees. Under the trust deed for the Family Trust, that power is granted to the trustee for the time being. Based on the terms of all three trust deeds, for so long as the said trustees hold or control shares in the Company, all voting rights attaching to such shares shall be exercised by an investment review panel consisting of Mr. ZENG Yong and/or such other persons or person as he may wish to appoint (in the case of the Family Trust) and either or both of Ms. JIANG Peizhen and Mr. ZENG Yong and/or such other person(s) as they may wish to appoint (in the cases of the Employees Trust and the Senior Management Trust). The investment review panel is also entitled to make decisions regarding the sale or disposal of such shares but subject to any conditions applicable to the Global Offering.

Our PRC legal adviser has confirmed that the above trust arrangements do not violate PRC laws or regulations.

Reasons for not including certain business in the Group

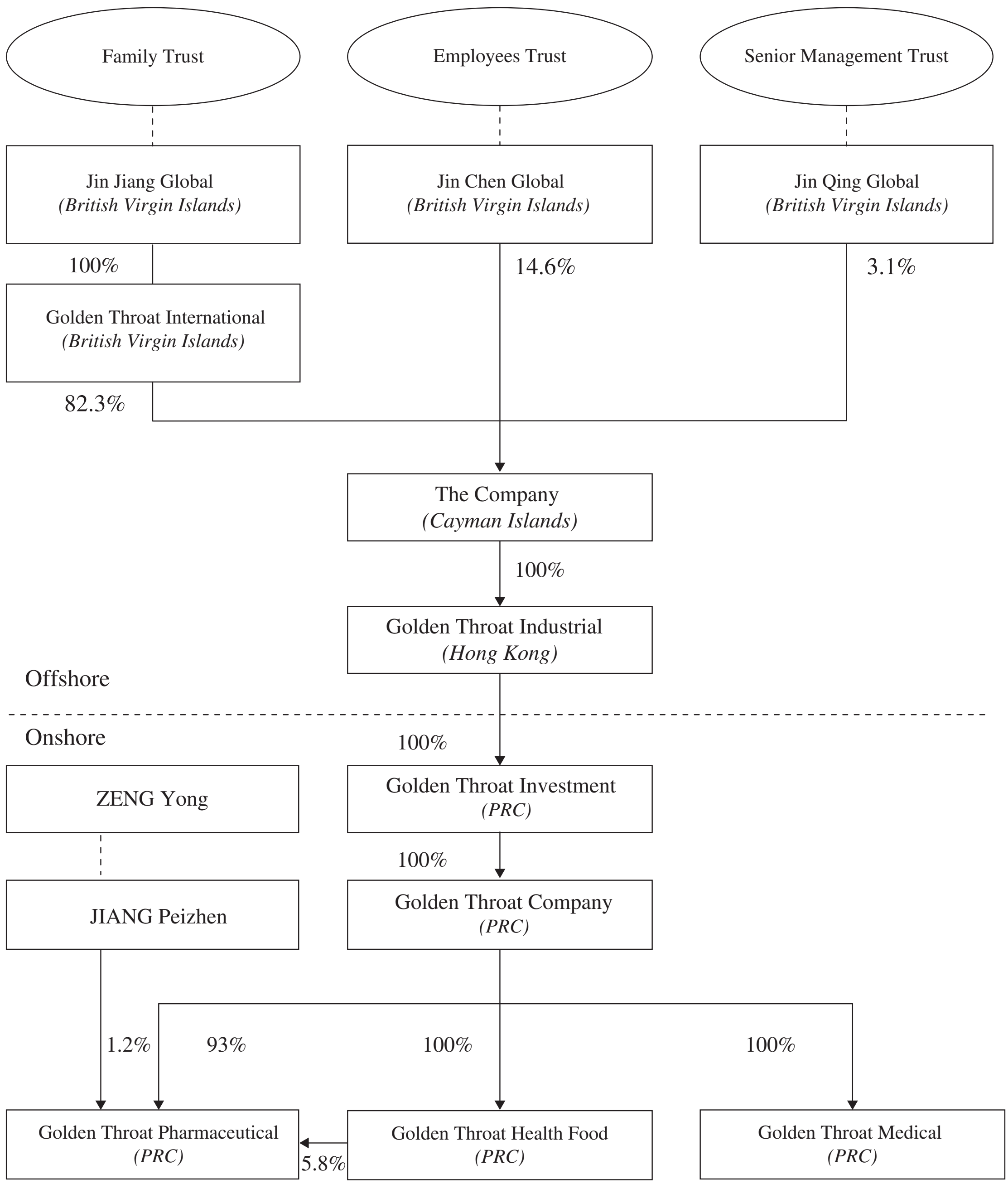
On 30 October 2014, Golden Throat Pharmaceutical entered into an asset transfer agreement with Peizhen Investment, an entity controlled by Ms. JIANG Peizhen, whereby Golden Throat Pharmaceutical agreed to sell its gasoline station business to Peizhen Investment, at a consideration of RMB1,350,000, which was based on the value identified by the Pricing Certificating Centre of Xincheng City (忻城縣價格認證中心) of the transferred assets and was agreed to be settled within 12 months after the asset transfer agreement was signed. Pursuant to the Credit and Debt Set-off Agreement, the consideration payable by the Company has been fully set off.

On 16 December 2014, Golden Throat Company entered into an equity transfer agreement with Liuzhou Jinqing Equity Investment Centre (LLP) and Liuzhou Jingui Equity Investment Centre (LLP), both controlled by Ms. JIANG Peizhen, whereby Golden Throat Company agreed to sell 95.6% equity interest in Weikete to the two purchasers, at a total consideration of RMB11,535,300, which was based on the original acquisition price of Weikete by Golden Throat Company and was agreed to be settled within 90 days after the relevant conditions are completed. The above transaction was completed on 29 December 2014. Our PRC legal adviser has confirmed that no approvals and permits from the relevant PRC government authorities are required for the above two transactions.

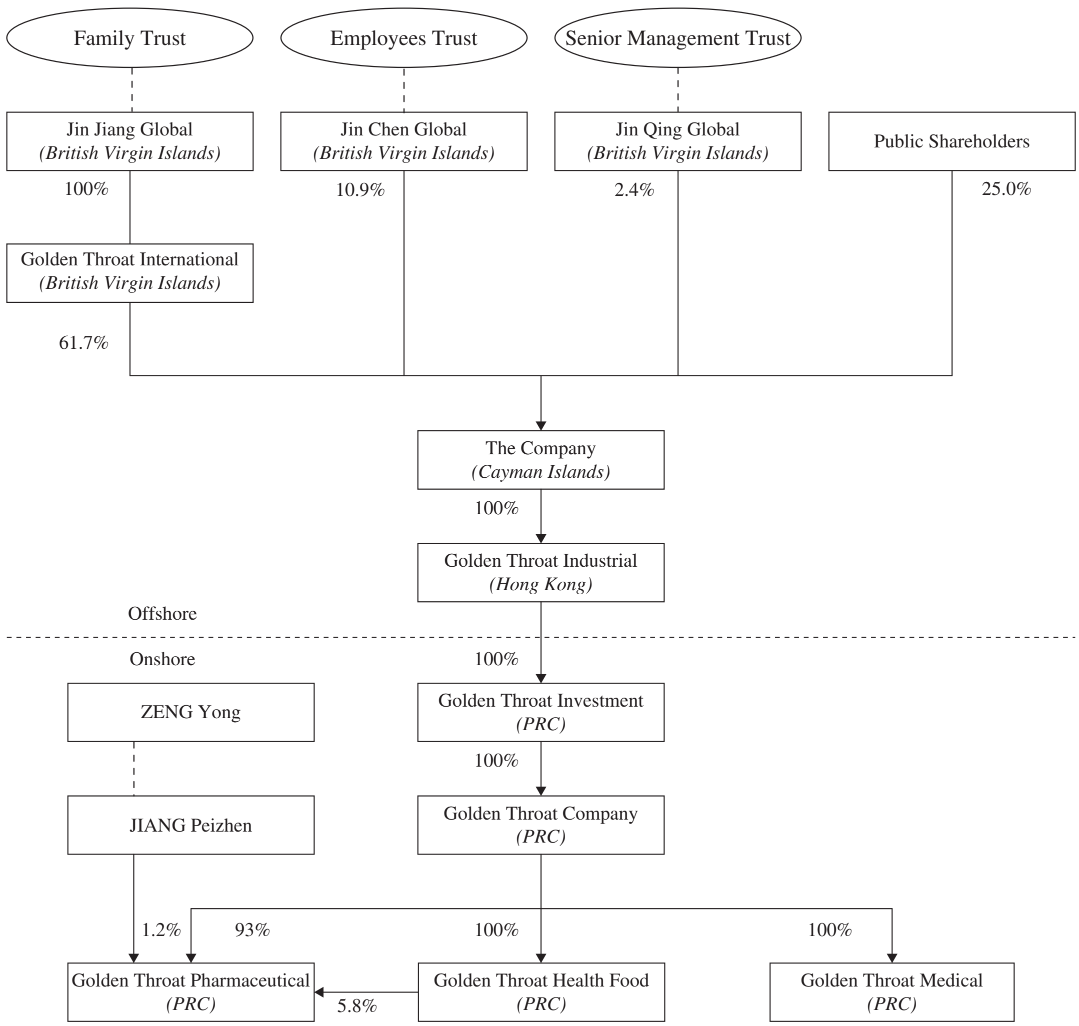
In accordance with our business strategy, we focus on the manufacturing and sales of lozenges and foods and are dedicated to offering diversified lozenges and foods that are targeted at different consumer groups. As the businesses relating to gasoline station and sugar substitute materials are different from manufacturing and sales of lozenges and foods and do not fit in with our overall development strategy, we excluded the gasoline station business and Weikete from the Group during the Reorganisation. Another reason for our disposal of our entire interest in Weikete in December 2014 shortly after our acquisition in May 2014 is that the time limit for responding to the listing-for-sale announcement in connection with the public tender, auction and listing-for-sale process for the original transfer of equity interest in Weikete from Guangxi Investment Group Co., Ltd. was 20 working days from the publication of the listing-for-sale announcement, whereas Liuzhou Jinqing Equity Investment Centre (LLP) and Liuzhou Jingui Equity Investment Centre (LLP) had not been duly established by then and did not have sufficient time to apply for such transfer after their respective establishment. Given the Company and its associated companies operated primarily as a private group at that time, Golden Throat Company was therefore chosen to be the acquiring entity. Upon successfully acquiring the equity interest in Weikete, Liuzhou Jinqing Equity Investment Centre (LLP) and Liuzhou Jingui Equity Investment Centre (LLP) had been duly established and acquired the equity interest in Weikete from Golden Throat Company according to the original business plan. Our PRC legal adviser has confirmed that the acquisition and disposal of equity interest in Weikete was in compliance with the relevant PRC laws and regulations.

Furthermore, as part of the Reorganisation, we have transferred the Well-known Trademark to Peizhen Investment at nil consideration. For further details, please refer to the section headed "Business – Intellectual Property" in this prospectus.

Our corporate structure immediately after the Reorganisation is set out below.



The following chart sets out our shareholding and group structure upon the completion of the Global Offering (assuming that the Over-allotment Option is not exercised):



PRC LEGAL COMPLIANCE

The SAFE issued the Circular No. 37, effective on 4 July 2014, which replaced the previous Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Financing and Roundtrip Investments via Overseas Special Purpose Vehicles. The Circular No. 37 requires PRC residents, including PRC individuals and institutions, to register with the SAFE or its local branches in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests. Such offshore entity is referred to as an offshore special purpose vehicle. In addition, such PRC residents must update their foreign exchange registrations with the SAFE when the offshore special purpose vehicle undergoes material events relating to any change of basic information (including change of such PRC citizens or residents, name and operation term), increases or decreases in investment amount, share transfers or exchanges, or mergers or divisions.

If any shareholder which is a PRC resident (as determined by the Circular No. 37) holds any interest in an offshore special purpose vehicle and fails to fulfil the required foreign exchange registration with the local SAFE branches, the PRC subsidiaries of that offshore special purpose vehicle may be prohibited from distributing their profits and dividends to their offshore parent company or from carrying out other subsequent cross-border foreign exchange activities. The offshore special purpose vehicle may also be restricted in its ability to contribute additional capital to its PRC subsidiaries. Moreover, failure to comply with the SAFE registration described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

Our PRC legal adviser has advised us that one of the Controlling Shareholders, Mr. ZENG Yong, and the PRC individual beneficiaries under Employee Trust and Senior Management Trust falls within the definition of "PRC resident" under the Circular No. 37 and therefore needs to conduct registration under the Circular No. 37 in relation to offshore investment structure. Mr. ZENG Yong has completed initial registration in accordance with the Circular No. 37 on 9 December 2014 before the three trusts were established, and for the purpose of establishment of the three trusts, Mr. ZENG Yong and the PRC individual beneficiaries under Employees Trust and Senior Management Trust, have applied with the relevant SAFE local branch for renewal of the initial registration in accordance with the Circular No. 37 and the aforesaid renewal application has been dealt with in due course. As confirmed by our PRC legal adviser, all the necessary foreign exchange registrations with the local foreign exchange authority under the Circular No. 37 have been properly filed and completed on 28 February 2015.

On 8 August 2006, six PRC governmental and regulatory agencies, including the MOFCOM and the CSRC, promulgated the M&A Regulation, which became effective on 8 September 2006 and was reissued by the MOFCOM in June 2009. Article 40 of the M&A Regulation requires that an offshore special purpose vehicle formed for the purposes of an offshore listing and controlled directly or indirectly by PRC companies or individuals, shall obtain the CSRC approval prior to the listing and trading of the securities of such offshore special purpose vehicle on an overseas stock exchange. Our PRC legal adviser is of the opinion that Mr. ZENG Yong is a PRC resident under the Circular No. 37 but not a PRC individual under the M&A Regulation because Mr. ZENG Yong has obtained the permanent resident identity of Macau since August 2013 and cancelled his registered permanent residence of the PRC in March 2014. Accordingly, Mr. ZENG Yong is an overseas individual and not a PRC resident under the M&A Regulation. However, for the purpose of Circular No. 37, an overseas individual who has no legal identity within the PRC but habitually resides within the PRC due to reasons of economic interests should be deemed as a "PRC resident" under the Circular No. 37. Mr. ZENG Yong falls within the aforesaid situation and is accordingly deemed as a "PRC resident" under the Circular No. 37. Accordingly, the Company is not an offshore special purpose vehicle directly or indirectly controlled by the PRC companies or individuals under the M&A Regulation. In addition, Golden Throat Investment, which acquired Golden Throat Company in the Reorganisation, is regarded as a PRC enterprise incorporated and registered under PRC law. It does not constitute a foreign investor for the purposes of the M&A Regulation. Accordingly, our PRC legal adviser is of the opinion that the acquisition of Golden Throat Company by Golden Throat Investment should be governed by the Interim Provisions on Foreign-invested Enterprises Investing Domestic Enterprises (關於外商投資企業境內投資的暫行規定) and does not fall within the scope of the M&A Regulation, which provides rules in respect of the acquisition of domestic companies by foreign investors. As a result, the Company's proposed Listing does not require the approval of the CSRC and any other PRC government authorities. Our PRC legal adviser has also confirmed that we have obtained all material approvals and permits required under PRC laws and regulations in connection with each material stage of the Reorganisation and the Listing.

OVERVIEW

We are a leading manufacturer of lozenges in China with our patent-protected lozenges having the largest market share of approximately 25.8% in terms of retail sales value in 2014 according to the Euromonitor Report. Our history dates back to 1956 when Liuzhou No. 2 Sweet Factory (柳州市糖果二廠), the predecessor of Golden Throat Company, was established. Since then, we have developed into a comprehensive modern group mainly engaging in the manufacture and sale of lozenges and other pharmaceutical and food products. Our sales of Golden Throat Lozenges (OTC) accounted for 92.4%, 92.4% and 90.6% of our total revenue for the years ended 31 December 2012, 2013 and 2014, respectively.

We attribute our success to our strong brand recognition through our consistent efforts since commencement of our operations. We develop and promote our "Golden Throat (金嗓子)" brand by associating it with our core value of building on the traditional Chinese herbal medicine culture, delivering the benefits of a healthy lifestyle, focusing on our stringent quality control and safe assurance standards and providing convenient-to-consume products to our customers. According to the Euromonitor Report, "Golden Throat (金嗓子)" is the leading lozenge brand in China. Among our tradenames, our "Golden Throat Lozenge (金嗓子喉寶)" with the registration number 1969118 was certified as a "Well-known Trademark of China (中國馳名商標)" by the Trademark Office of the SAIC in 2005.

We have established an extensive and structured nationwide sales and distribution network for our over-the-counter medicines through a refined distributorship system implemented in 2013. As of 31 December 2014, we had established an extensive distribution network comprising over 300 distributors which are directly engaged by us, covering all the provinces, autonomous regions and municipal cities throughout China. We also have a presence in various overseas markets for our products, including the United States, Canada, the European Union, Australia, Southeast Asia and Middle East. We select distributors with stringent criteria and also conduct annual reviews of the performance of our distributors to ensure our distribution channels are effective and comply with our internal control requirements. We also strictly regulate the sales and marketing activities of our distributors with the aim of preserving the integrity and brand image of our products while ensuring continued good relationships with other distributors within our network.

We consider that our customer loyalty is built and supported by the quality and effectiveness of our products and customer service. As such, we exercise stringent control over the quality of our products, placing particular emphasis on their consistency and curative functions. We employ stringent quality control and safety assurance procedures over the entire production process, from raw material selection and procurement, to manufacturing and product packaging, in order to ensure that our products meet the quality standards required by our customers and the relevant governing authorities.

Our knowhow for the manufacture of lozenges and other products, combined with our scalable production, allows us to reduce our production costs and provides us with product differentiation and competitive capabilities in our target markets. Based on our accumulated experience and knowledge in lozenges operations, we have developed our proprietary formulae, which have significantly contributed to the success of our products.

For the years ended 31 December 2012, 2013 and 2014, our total revenue was RMB587.8 million, RMB548.9 million and RMB606.8 million, respectively. The decrease between 2012 and 2013 was primarily due to the short-term adverse impact arising from our launch of Golden Throat Lozenges (OTC) in the new packaging configuration with a longer shelf life in August 2013; the increase between 2013 and 2014 primarily reflected our increased sales of Golden Throat Lozenges (OTC) in the new packaging configuration. For the years ended 31 December 2012, 2013 and 2014, our net profit was RMB102.8 million, RMB69.9 million and RMB121.7 million, respectively.

OUR STRENGTHS

Leader in the PRC's lozenge market and the PRC's fast growing throat remedies market

We are a leading manufacturer of lozenges in China with a market share of approximately 25.8% in terms of retail sales value in 2014, according to the Euromonitor Report. We believe our "Golden Throat (金嗓子)" brand is the leading lozenge brand in China. According to the Euromonitor Report, our products were the leader in throat remedies in China in terms of retail sales value, enjoying an approximately 18.6% market share in 2014. In 2010, our Golden Throat Lozenges (OTC) was awarded No. 1 in Branding and Sales of Chinese over-the-counter medicine (Chinese Traditional Medicine (Throat and Oral Cavity)) (中國非處方藥(中成藥(咽喉口腔類))品牌銷售第一名) by China Nonprescription Medicine Association (中國非處方藥物協會), which was founded in May 1988 as a professional, non-profit and national social organisation to provide services for its members in the medicine industry and to improve the production of over-the-counter medicines.

As a leading lozenge brand in China, with our well-recognised household name and our existing portfolio of products, as well as our strong marketing capabilities and distribution network, we believe that we are well positioned to benefit from the strong growth underway in the PRC's throat remedies market. The aggregate retail sales value of the throat remedies market in China grew at a CAGR of 8.8% from RMB3.1 billion in 2009 to RMB4.8 billion in 2014 according to the Euromonitor Report. The market size for 2019 is expected to grow at a CAGR of 8.4% from 2015 to 2019 and reach a total retail sales value of RMB7.1 billion, according to the same report. In addition, the Euromonitor Report states that the sales of over-the-counter herbal throat remedies medicines have also demonstrated a faster upward trend compared with over-the-counter non-herbal throat remedies medicines. For further details, please refer to the section headed "Industry Overview – Over-the-counter Herbal Medicine Market in China" in this prospectus.

Strong nationwide brand recognition and effective brand marketing strategy

We have a proven business track record and our products have established strong brand recognition. Through our consistent marketing efforts since the commencement of our operations, we have established "Golden Throat (金嗓子)" as a highly reputable brand in China. We believe the brand is generally associated by the public with safe, quality, effective, reliable and convenient-to-consume products. The consumer survey conducted by Euromonitor also indicated that 95% of the respondents have heard of "Golden Throat (金嗓子)" before and 97% of the respondents who have used our lozenge products are willing to recommend our brand due to its curative effect and high brand awareness. As a recognition of our brand's popularity, our trademark "Golden Throat Lozenge (金嗓子喉寶)" with the registration number 1969118 was certified as a "Chinese Well-known Trademark (中國馳名商標)" by the Trademark Office of the SAIC in 2005.

We strategically develop and promote our "Golden Throat (金嗓子)" brand by associating it with our core values of building on the traditional Chinese herbal medicine culture, delivering the benefits of a healthy lifestyle, focusing on stringent quality control and safety assurance standards and providing convenient-to-consume products. We highlight our image as a healthy brand with stringent product quality control and safety standards over the entire production process, from raw materials selection and procurement to production and packaging. We believe that our dedication to these core values will continue to contribute to our brand. We believe that the reputation of our brand has also been strengthened by the quality and consistency of our customer service. In this regard, we have received a significant number of recognitions and awards including, amongst others, High-quality and Trustworthy Brand with Recognition by Customers (消費者認可的優質信譽品牌) by China Consumer Association (中國消費者協會) in 2007 and CCTV China Annual Brand by CCTV in 2012.

We believe that the leading market share of our lozenge products also demonstrates the success of our marketing and advertising campaigns. We have achieved our market leading brand image and recognition by implementing a multi-faceted marketing strategy, including advertisements on television networks by engaging well-known brand spokespersons and other media advertisements and sponsorships of television shows and competitions. We also retain external advertising agents to assist us in developing and executing our marketing and advertising strategies and innovative marketing concepts and ideas. We conduct both national and regional advertising campaigns to maintain the consistency of our brand image while also targeting specific regional demographic trends and consumer preferences. We also regularly conduct product promotion campaigns to increase our brand and product awareness. We believe that our strong brand recognition has greatly supported the business growth of our traditional Golden Throat Lozenges (OTC) and the commercial success of our relatively newer products such as Golden Throat Lozenge Series Products. Our brand recognition also provides us with a solid foundation to further penetrate the Chinese pharmaceutical and food markets.

According to the Euromonitor Report and based on the consumer survey conducted by Euromonitor, our "Golden Throat (金嗓子)" brand has the highest brand awareness amongst 12 leading lozenge brands in the lozenge market in China. Our products have received a significant number of awards and certificates over the years. For details, please refer to the section headed "Business – Awards and Recognitions" in this prospectus.

Extensive and structured nationwide sales and distribution network and increasing international footprint

We have been manufacturing and marketing our lozenges in China for over two decades. As of the Latest Practicable Date, we had established an extensive and structured nationwide sales and distribution network for our over-the-counter medicines through a refined distributorship system implemented in 2013, whereby distributors were selected based on their proven distribution abilities, familiarity with their own target markets, financial strength, credit records and scale of operations. This network provides us with extensive market coverage and customer reach for our over-the-counter medicines. We have also been developing, manufacturing and marketing our food products and have established an extensive network of distributors with respect to our food products, which were selected based on their reputation, market coverage, sales experience and size of their marketing and distribution resources.

The majority of our distributors have had longstanding relationships with us. We strictly regulate their sales and marketing activities with the aim of preserving the integrity and brand image of our products while ensuring continued good relationships with other distributors within our network. Our distributors have established sales channels with pharmacies, supermarkets and retail shops and can, as a result, effectively market our products. We conduct annual reviews of our distributors' performance and based on the results of our review, we adjust our designated distributors. As of the Latest Practicable Date, our in-house sales and product managers/on-the-ground sales teams consisted of approximately 40 full-time employees, and in some cases with the assistance of our promoters, they had developed and managed our distribution network. They maintain frequent communication with our distributors, which allows us to receive prompt market feedback to more quickly respond to local market demands and preferences.

Our proven distribution model allows us to market our products covering all the provinces, autonomous regions and municipal cities in China and enables us to market our products cost-effectively and reduce unnecessary competition amongst distributors. It also allows us to benefit from economies of scale and to achieve greater efficiencies in the distribution of our existing and new products. We believe our distribution network is reliable and represents a significant competitive advantage because it is the culmination of a process of over two decades of know-how in identifying and selecting qualified distributors in different regions across China. Our sales model also requires a highly effective internal management system to control and support a distribution network of such a large scale. Over the years, we have also developed pricing strategies which ensure that the profit margins for distributing our products remain attractive to our distributors. In addition, we believe the market-leading positions of our lozenge products assist us in retaining our distributors.

With respect to the international market, we first commenced selling our Golden Throat Lozenges (OTC) overseas through our distributors in Malaysia. As of the Latest Practicable Date, our lozenge products were sold overseas through our distributors to other Asian countries and regions (such as Thailand and Hong Kong), as well as the United States, Canada, the European Union, Australia and the Middle East.

Stringent quality control and monitoring system

We are committed to high standards of quality for our products, and we employ stringent quality control and safety assurance procedures over the entire production process, from raw material selection and procurement, to manufacturing and product packaging, in order to ensure that our products meet the quality standards required by our customers and the relevant governing authorities. Our strong emphasis on product quality helps to maintain consumer confidence. We exert great efforts in ensuring the quality of our raw materials during procurement and storage, which is essential to our product quality, and we have established stable relationships with suppliers which we have carefully selected. For details, please refer to the section headed "Business – Quality Control" in this prospectus. Our established relationships with our suppliers and our ability to procure quality raw materials are an integral part of our operations. We have a reliable supplier network with most of our suppliers having cooperated with us for over three years. This, in turn, assists us in ensuring that we have a stable supply of quality raw materials that meet our stringent quality standards. We also maintain high and consistent standards on quality control measures throughout our supply and procurement, manufacturing and sales network.

Since March 2013, we have implemented an electronic tracking code system for our Golden Throat Lozenge (OTC) and certain of our pharmaceutical products, the Electronic Supervision Code of PRC Medicine (中國藥品電子監管碼) (a 20-digit bar code), which covers all of our distributors across China and allows us to monitor our pharmaceutical products sold by our distributors in each region of China in terms of the distributor through which they are sold. In addition, we have adopted an electronic tracking code system by taking reference of the Electronic Supervision Code of PRC Medicines for our food products in order to monitor the status and the inventory of our food products sold through our respective distributors. We believe that these systems help us identify unauthorised parties manufacturing and distributing counterfeits of our products in the market. For details, please refer to the section headed "Business – Information Technology" in this prospectus. We believe our electronic tracking code systems enable us to administer and operate our fast-growing, nationwide distribution network and allow us to gather information on customer purchases and inventory level, monitor customer preferences, make timely assessments regarding market trends and respond quickly to changes in market conditions.

Extensive knowhow and pipeline pharmaceutical and food products from decades of operation

We evolved from Liuzhou No. 2 Sweet Factory (柳州市糖果二廠), a local-level state-owned enterprise which mainly engaged in manufacturing sweet products (including toffee, chocolates, beverages, glucose syrup and jelly), into a leading manufacturer of lozenges in China. Through decades of operation and coupled with a scientific formulation and modern manufacturing process, we believe that we have successfully pioneered the production of lozenge products for medical use in China. In addition, the manufacturing of our sweet products historically and more recently our food products allows us to gain wider access to our customers through different channels and capture a greater share of market demand in a timely manner.

We place particular emphasis on research and development with a view to ensuring the curative effectiveness and quality consistency of our products. Research and development is critical to the sustainable growth of our business. Based on our accumulated experience and knowledge in lozenge operations, we have developed our proprietary formulae, which have significantly contributed to the success of our products. We employ a market-driven approach to the selection of research and development projects. For details, please refer to the section headed "Business – Research and Development" in this prospectus.

Our knowhow for the manufacture of lozenges and other products, combined with our scalable production, allows us to reduce our production costs and provides us with product differentiation and competitive capabilities in our target markets. In addition, we may from time to time upgrade the packaging configurations of our existing products to meet customer preferences and stimulate market demand for our products. We believe that the upgrading of our existing products will help us to achieve higher revenue and profitability in the long term.

In addition, in order to cope with increasingly vigorous competition in the pharmaceutical and food industries, we have also been focusing on enriching our strategic pipeline products to ensure our competitive advantages, to maintain sustainable growth and to meet our consumer needs. As of the Latest Practicable Date, our pipeline products included, amongst others, Golden Throat Lozenge Vegetable Beverages Series Products (a series of vegetable beverages) and Qingyan Tablet (a type of health food designed primarily to clear and moisten throat), which we believe are complementary to and will enrich our existing product portfolio. We continuously monitor potential market opportunities for our pipeline products and believe that most of our strategic pipeline products can be manufactured and launched to the respective markets relatively quickly once appropriate opportunities that are in line with our business strategies have been identified. We are also well prepared to ramp up the manufacturing of such pipeline products accordingly.

Experienced, stable and committed management team with strong track record of effective leadership and execution

Most of our key executives and senior management team have had an average of more than 20 years of experience managing our business and have worked together for many years. Our management team is led by our founder, Chairman and non-executive Director, Ms. JIANG Peizhen, and comprises five executive Directors and senior management referred to in the section headed "Directors and Senior Management" in this prospectus. Ms. JIANG Peizhen has been with us for over 55 years and has over 20 years of experience in the development and sales of our products. She has also led us in our transformation from a sweets factory to the leading lozenge producer by market share and to become a renowned brand in China.

Our management team has a proven track record of identifying market opportunities, executing business strategies, guiding our expansion into high growth areas and delivering consistent growth and profitability. Our senior management has the leadership and vision, and familiarity with consumer preferences and sales channels, to expand the sales of our existing products and develop new ones. Such leadership was instrumental in the recent launch of our Golden Throat Lozenge Series Products (sugar-free series) and our new packaging of our Golden Throat Lozenges in 2013. Furthermore, the Directors and senior management team have extensive experience in the PRC pharmaceutical and food businesses, as well as a comprehensive understanding of market conditions. Our management team is committed to preserving our brand heritage, while also sustaining our brand relevance through innovation. With their industry expertise, professional management skills and strong execution capability, we expect that our management team will continue to successfully implement our growth strategies in the fast growing PRC lozenge industry.

We believe that the proven capability, leadership, vision, loyalty and consistent efforts of our management team and their extensive experience in the PRC lozenge industry are the key factors behind of our success and will continue to drive our future growth.

OUR STRATEGIES AND FUTURE PLANS

Continue to strengthen our leading position in the lozenge market and continue to expand our market share in the PRC pharmaceutical and food markets

As a leading lozenge brand in China, we are well positioned to take advantage of the expected rapid growth of the PRC's lozenge market. We will continue to leverage on our strong brand name and nationwide distribution and sales network to grow the market share of our existing products, including our Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products. We also plan to expand our customer base and strengthen our market-leading position by introducing new products under our "Golden Throat (金嗓子)" brand. We commenced our strategic expansion into new geographic markets such as Qinghai, Jilin and Inner Mongolia through the establishment of our refined distributorship system in 2013. By further penetrating our existing markets through the expansion of our sales team to provide more distribution and sales support to our distributors at the pharmacy level, our products have covered strategic markets (including selected first-, second- and third-tier cities in China). We will continue our efforts to expand into new markets and enhance our local distribution network, and we believe we will be able replicate our successful business and marketing model in each of the new markets, especially in rural areas of China. We seek to increase our sales volume and market share in our mature markets through expanding our distribution network and increasing our marketing and promotional activities locally. We also intend to launch new products to address new and different market segments and enhance our overall market share in the PRC pharmaceutical and food markets.

Increase our production capacities, expand our product portfolio and strengthen our research and development capabilities

We plan to increase our production capacity and capability by acquiring a new parcel of land in Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region and constructing a new medicines production and research and development base and production facilities in anticipation of the continued growth of our business. We intend to implement our expansion plan phase by phase. We will continue to develop new, or upgrade existing, production techniques to enhance product quality and manufacturing efficiency. We also believe that the continued expansion of our product portfolio will fully maximise our production capacity utilisation and increase returns on our investment in our production facilities to further drive profitability.

Our strong pipeline of products enables us to continue to diversify our product portfolio. We intend to further expand our portfolio of innovative, competitively positioned products through market-driven development programmes with a focus on those candidates that have the potential for future commercialisation in global markets. We believe our existing research and development platforms will be the primary driver of new additions to our product portfolio, and we intend to continue to invest in our internal research and development efforts to develop our existing and new pipeline products.

Through our market-oriented approach to research and development, we carry out thorough market analyses before commencing research. We will also continue our co-operation with external institutions in product research, development and commercialisation with the aim of improving our production quality and efficiency. We plan to increase our annual research and development budget, upgrade our research facilities and purchase advanced equipment. In addition, we intend to partially convert our current headquarters located at No. 28, Yuejin Road, Liuzhou, Guangxi Zhuang Autonomous Region into a food research and development centre. For details of our plan to partially convert our headquarters into a food research and development centre, please refer to the section headed "Business – Future Expansion and Upgrade Plan" in this prospectus.

We believe our research and development strategy will enable us to expand our product portfolio and achieve increased operational efficiencies in order to enhance our profitability. In particular, we believe an expanded product portfolio will enable us to achieve greater sales efficiency, as we could leverage on the existing relationships of our distributors and sales channel to sell our new products. Based on the success of our research and development work, our in-house research team has successfully developed Golden Throat Lozenge Series Products (sugar-free series), which were commercially launched in 2013 with all the requisite permits and approvals. These new products have been well received by the market alongside our key product, Golden Throat Lozenges (OTC).

Enhance our food and other pharmaceutical businesses and promote synergies across different product segments

We will continue to leverage on our position in the lozenge industry, as well as our significant marketing experience and extensive distribution network, as a foundation for promoting our food and other pharmaceutical products. We believe that, as a result of these advantages, we are well positioned to benefit from the rapid growth of the pharmaceutical market and food market in China, and that the expansion of our pharmaceutical and food businesses will in turn help to strengthen our image and reputation as a leader in the lozenge market. We also believe our further investment in the food business will diversify our revenue sources and provide us with an opportunity to capture more customers and sales.

In addition to our key products such as Golden Throat Lozenge Series Products, we also develop, manufacture and market a range of other food products, including other types of general food and health food products. To enhance our food business, we plan to officially launch Golden Throat Lozenge Vegetable Beverages Series Products (including sugar-free series) and Qingyan Tablet to the market in the second half of 2015. We also aim to provide a wide range of food products that target different group of customers with varied needs depending on their respective health conditions, ages, genders and consumption preferences. In addition, we intend to partially convert our current headquarters located at No. 28, Yuejin Road, Liuzhou, Guangxi Zhuang Autonomous Region into a food production plant. For details of our plan to partially convert our headquarters into a food production plant, please refer to the section headed "Business – Future Expansion and Upgrade Plan" in this prospectus.

Leveraging on our existing key products such as Golden Throat Lozenges (OTC), we believe our diversified portfolio of products and products under development will help to decrease reliance on our key products for our future turnover and demonstrate our ability to identify and take advantage of opportunities in other related product segments.

Enhance our brand recognition through effective and targeted marketing

We believe that successful branding is the key to our business development. We have developed the "Golden Throat (金嗓子)" brand into a well-recognised brand in China through our effective and targeted advertising, marketing strategies and continuous emphasis on product quality. To further enhance the popularity of our products and awareness of our brand and image in China, we will continue to maintain and promote our "Golden Throat (金嗓子)" brand with the goal of establishing it as the leading household brand recognised for effective, safe and curative lozenge products in China.

Our marketing strategy aims to associate our brand with a healthy lifestyle based on our core value of benefiting human beings in general. We will continue to consolidate and extend our brand values and uphold our image as a healthy brand with stringent quality control and product safety standards.

We also plan to expand and enhance our media marketing and promotion efforts, which historically have been mainly on television networks, by increasingly advertising via internet media that have broader coverage. Our dedicated marketing team will continue to work closely with our distributors to design and carry out effective and targeted marketing campaigns and promotional activities.

Expand our distribution network, refine associated infrastructure and leverage on our existing distribution network to market different products

Our extensive national distribution network is essential to the success of our business. In terms of our pharmaceutical products, we will continue to develop and expand our existing distribution network by exploring additional distribution platforms, expanding our distribution efforts to more third-tier cities and other rural areas in which our network currently has limited or no presence and setting up cooperation with strategic partners, with a view to further increasing our market share and deepening our market penetration. For our food products, in particular, our Golden Throat Lozenge Vegetable Beverages Series Products, we plan to increase the number of distributors to assist us in the expansion of our network coverage throughout China and to establish cooperation with strategic partners. In addition, we intend to refine and upgrade our electronic tracking code system to better monitor the distribution of our pharmaceutical and food products.

Further, we believe that with the development of e-commerce business in China, there is significant market potential for the sales of our products through online operators. We intend to capture opportunities in the e-commerce market through establishing cooperative relationships with online operators. We currently intend to continue our construction and improvement of our own e-commerce platform (**www.gxjsz.com**) and an Independent Third Party online retail platform, namely **www.taobao.com** (淘寶網), together with the corresponding logistic channels and ancillary services, which are expected to be completed by 2016, and we estimate the relevant expenses to be incurred to be approximately RMB1 million. We believe, by well-positioning ourselves in these potential markets, we will be able to interact with consumers more directly and capitalise on the increase in pharmaceutical and food products consumption by PRC consumers.

In addition, our future marketing will have more coverage on products other than Golden Throat Lozenges (OTC), such as Golden Throat Lozenge Series Products, which as of the Latest Practicable Date, were sold in 15 provinces and three municipal cities in China. We aim to further increase the distribution channels for such products to more provinces and second-tier cities in China. We also intend to further develop our distribution network in overseas markets.

Concurrently with the expansion of our distribution network, we will continue to monitor our distributors' performance and market acceptance of our products closely to enhance the effectiveness of our distribution network and marketing efforts. By further expanding our distribution network and refining our marketing and promotion capabilities and campaigns based on prompt feedback and expanding our geographic coverage, we expect to generate more demand for our existing products and secure more marketing, promotion and sales rights for our new products.

While continuing to invest in maintaining our market leadership in China, we also intend to expand into overseas markets by utilising our efficient distribution platform. We will begin to implement our concerted international strategy by focusing on customers active in Southeast Asia, the United States and the European Union. We also intend to continue developing our market presence in the overseas markets by identifying and cooperating with new distributors in the respective regions.

Continue to attract, retain and motivate talented personnel

The contribution of our experienced senior management and professional employees is crucial to our success. To establish a distinctive professional team for a leading enterprise, we intend to implement a talent-based development strategy to support the optimisation of our business portfolio and expansion of our customer base in order to further enhance our profitability and competitiveness.

In order to further expand our distribution network and our customer base, we will focus on attracting, retaining and motivating talented and qualified sales personnel. We aim to further expand the scale of our sales teams to provide more distribution and sales support to our distributors. As the leader in the throat remedies market in China with strong growth potential and a widely recognised brand, we believe we can attract exceptional sales candidates with expertise in the PRC's pharmaceutical and food industries. We will also continue to offer our employees, including our sales personnel, a range of incentives tied with our performance, including bonus, to foster loyalty among our employees and to better align our employees' interests with ours.

With a continued focus on the development of our human resources, we believe that we will be successful in retaining our key employees, enhancing their work ability and experience and continuing to attract more talented individuals.

OUR PRODUCTS

Our flagship product is Golden Throat Lozenges (OTC), which was launched in 1994 and accounted for 90.6% of our turnover for the year ended 31 December 2014. Golden Throat Lozenge Series Products are another of our key products (consisting of Dule Lozenges (都樂含片), which contains sugar and was launched in 2005, sugar-free Dule Lozenges and four other sugar-free flavours of this series products launched in 2013), which accounted for 6.1% of our turnover for the year ended 31 December 2014. The following table illustrates the share of turnover for our key products during the respective periods indicated.

Turnover from:	2012 RMB'000	2012 % of Total	2013 RMB'000	2013 % of Total	2014 RMB'000	2014 % of Total
Golden Throat Lozenges (OTC)	543,370	92.4	507,031	92.4	549,501	90.6
Golden Throat Lozenge Series Products	30,586	5.2	31,446	5.7	36,717	6.1
Others	13,846	2.4	10,380	1.9	20,583	3.3
Total	587,802	100.0	548,857	100.0	606,801	100.0

(Year Ended 31 December)

Apart from the above two kinds of key products, we also had 10 types of pharmaceutical products, six types of food products, one type of medical apparatus and one type of daily consumable item that were sold in the market as of the Latest Practicable Date. In addition, we introduced Yinhualu (one of Golden Throat Lozenge Vegetable Beverages Series Products) on a trial basis in September 2014, and expect to officially launch Golden Throat Lozenge Vegetable Beverages Series Products (including sugar-free series) and Qingyan Tablet in the second half of 2015.

The following table sets forth selected information of our key products:

Key Product	Category	Main Usages#	Pharmaceutical Product Registration Approval (藥品註冊批件) Approval Serial Number	Pharmaceutical Product Registration Approval (藥品註冊批件) Expiry Date	Pharmaceutical/Food Product Manufacturing Permit (藥品/食品生產許可證) Permit Number	Pharmaceutical/Food Product Manufacturing Permit (藥品/食品生產許可證) Expiry Date	Patent (專利) Patent Number	Patent (專利) Expiry Date	Pharmaceutical Product Re-Registration Approval (藥品再註冊批件) Approval Serial Number	Pharmaceutical Product Re-Registration Approval (藥品再註冊批件) Expiry Date
Golden Throat Lozenges (OTC) .	Pharmaceutical Products	To relieve symptoms of sore and dry throat and hoarse voice caused by acute pharyngitis	Guo Yao Zhun Zi B20020993	N/A	Gui 20110048	31 December 2015*	ZL 2004 10098226.6	29 November 2024	2010R002970	16 August 2015*
Golden Throat Lozenge Series Products . . .	Food Products	Sold as food products	N/A	N/A	QS450213010038	9 March 2016	ZL 2004 10098226.6	29 November 2024	N/A	N/A

Notes:

* *Certain of our pharmaceutical product re-registration approvals and manufacturing permits are approaching their expiry, the renewal of which is an administrative and routine process. We plan to submit applications to renew such approvals and permits strictly in accordance with relevant PRC regulations and practices before their respective expiration. Our PRC legal adviser has advised us that, provided that the current PRC laws, regulations and industry policies remain unchanged and we have complied with all substantive and procedural requirements under PRC laws, rules and regulations, as well as all requests of the competent authorities at the relevant time, there should not be material legal impediments in renewing our pharmaceutical product re-registration approvals and manufacturing permits.*

\# *The usage for our pharmaceutical products is in accordance with the respective registration approvals/ manufacturing permits. No such usage is specified for our food products for their registration approval.*

The following table sets forth the major differences between our two key products:

	Golden Throat Lozenges (OTC)	**Golden Throat Lozenge Series Products**
Nature of product	Over-the-counter medicine	Food
Packaging	Internal packaging: polyvinyl chloride and aluminium foil External packaging: paper boxes	Internal packaging: polyvinyl chloride and aluminium foil External packaging: tin boxes (save for Dule Lozenges (都樂含片), which is in paper boxes)
Formula#	Comprising various Chinese herbs, including without limitation fructus terminaliae immaturus (西青果), fructus momordicae (羅漢果), menthol (薄荷腦), wild honeysuckle flower (山銀花), oleum eucalyptus (桉油), dendrobium (石斛), chrysoidine (橘紅), oleum anisi stellati (八角茴香油), saccharose (蔗糖) and glucose syrup (葡萄糖漿)	Comprising various Chinese herbs, including without limitation Chinese olive (青果), honeysuckle (金銀花), fructus momordicae (羅漢果), exocarpium citri rubrum (桔紅), isomalt (異麥芽酮糖醇), maltol (麥芽糖醇) and food flavour (食用香料)
Flavours	Original flavour	Dule Lozenges (都樂含片), sugar-free Dule Lozenges, and four other sugar-free flavours, namely orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊) and American ginseng (西洋參)
Distribution channel	Distribution network covering all the provinces, autonomous regions and municipal cities throughout China	Distribution network in selected provinces
Recommended retail price	RMB6.8 to RMB8.8 per paper box	Sugar-free series: RMB15.8 per tin box; Dule Lozenges (都樂含片): RMB6.8 to RMB12 per paper box

Note:

\# *Certain ingredients (such as dendrobium (石斛)) can only be used in pharmaceutical products and are restricted from use in food products. We have therefore applied for and obtained a pharmaceutical manufacturing permit for Golden Throat Lozenges (OTC) and a food manufacturing permit for Golden Throat Lozenge Series Products.*

Our Key Products

Golden Throat Lozenges (OTC) – over-the-counter medicine

Our top product, Golden Throat Lozenges (OTC), is a type of lozenge mainly designed to relieve symptoms of sore and dry throat and hoarse voice caused by acute pharyngitis. Our Golden Throat Lozenges (OTC) was approved by the Health Department of Guangxi Zhuang Autonomous Region (廣西壯族自治區衛生廳) in 1994 and we believe that we have been a pioneer in the field of over-the-counter lozenges. Over the past two decades, Golden Throat Lozenges (OTC) has become a widely recognised brand and the leader in lozenge products in China. As of 31 December 2014, our lozenge products (including our Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products) have the largest market share of approximately 25.8% for lozenge products in China according to the Euromonitor Report.

By relieving inner heat, removing toxins from the body and promoting secretion of saliva, and as confirmed by a clinical study commissioned by us in 1994 as set out below, Golden Throat Lozenges (OTC) can help alleviate symptoms of sore and dry throat and relieve other symptoms associated with acute pharyngitis.

Since its introduction into the market in 1994, Golden Throat Lozenges (OTC) has gained high brand awareness. We have also received a number of awards in recognition of Golden Throat Lozenges (OTC). For details, please refer to the section headed "Business – Awards and Recognitions" in this prospectus.

Golden Throat Lozenges (OTC) was approved as over-the-counter medicine by the CFDA under the Approval Serial Number Guo Yao Zhun Zi (國藥准字) B20020993 and was re-registered with the Guangxi FDA under the Approval Serial Number 2010R002970, which is valid until 16 August 2015 and can be continuously renewed for another 5 years upon expiry and satisfying certain requirements. We believe that the product is in the advanced development period of its product life cycle, with significant potential for further development in China and overseas. As of the Latest Practicable Date, Golden Throat Lozenges (OTC) had a shelf life of three years.

Golden Throat Lozenges (OTC) is made from our proprietary formula comprising of various Chinese herbs, including without limitation fructus terminaliae immaturus (西青果), fructus momordicae (羅漢果), menthol (薄荷腦), wild honeysuckle flower (山銀花), oleum eucalyptus (桉油), dendrobium (石斛), chrysoidine (橘紅) and oleum anisi stellati (八角茴香油). The other materials are saccharose (蔗糖) and glucose syrup (葡萄糖漿). We currently hold the patent for manufacturing Golden Throat Lozenges (OTC), which includes compound, preparation and methods for preventing and curing throat and oral disease. The inventor of this patent is our founder, Chairman and non-executive Director, Ms. JIANG Peizhen. The patent was obtained on 26 August 2009 and is valid until 29 November 2024. The First Affiliated Hospital of Guangxi College of Chinese Medicine (廣西中醫學院第一附屬醫院), the Second Affiliated Hospital of Guangxi College of Chinese Medicine (廣西中醫學院第二附屬醫院) and the People's Hospital of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民醫院) conducted a clinical study to evaluate the efficacy and safety of Golden Throat Lozenges (OTC) in 1994. This clinical study involved 180 people aged between 18 and 65 years having symptoms of sore and dry throat not caused by organic disease. The results of such clinical study indicated that Golden Throat Lozenges (OTC) can relieve symptoms of sore and dry throat and hoarse voice with no significant side effects and other symptoms associated with acute pharyngitis.

Golden Throat Lozenges (OTC) is a type of over-the-counter medicine with curative and healthcare functions. As a result, they can be purchased by the public in pharmacies without requiring the prescription of a qualified medical professional. The usage statement of Golden Throat Lozenges (OTC) specifically indicates that a qualified medical professional should be consulted with if there is no relief of symptoms within three days after taking Golden Throat Lozenges (OTC). As of the Latest Practicable Date, the recommended retail price ranged from RMB6.8 to RMB8.8 per paper box.

The following table illustrates the share of turnover for Golden Throat Lozenges (OTC) against our total turnover during the periods indicated:

	Year Ended 31 December					
	2012		2013		2014	
Turnover from:	**RMB'000**	**% of Total**	**RMB'000**	**% of Total**	**RMB'000**	**% of Total**
Golden Throat Lozenges (OTC)	543,370	92.4	507,031	92.4	549,501	90.6

According to the Euromonitor Report, the market size for lozenge products in China in 2014 was RMB3,424.2 million and grew at a CAGR of approximately 10.4% from 2009 to 2014. Based on retail sales value, our lozenge products are the most popular and leading lozenge products in 2014 in China, with a market share of approximately 25.8% in the PRC's lozenge market. For further details, please refer to the section headed "Business – Competition" in this prospectus.

We produce Golden Throat Lozenges (OTC) in four production lines and three packaging lines at our facilities in both Liuzhou and Laibin, Guangxi Zhuang Autonomous Region. Our current PRC manufacturing permit for Golden Throat Lozenges (OTC) is valid until 16 August 2015 and can be continuously renewed for another five years upon expiry and satisfying certain requirements. For details, please refer to the section headed "Business – Manufacturing" in this prospectus.

Golden Throat Lozenges (OTC) has been registered with the Food and Drug Administration in the United States in 2008 as a drug product and verification by the Natural Health Products Directorate in Canada in 2012 as a licensed natural health product. As of 31 December 2014, Golden Throat Lozenges (OTC) has been exported to the United States, Canada, the European Union, Australia, South Asia and Middle East.

Sales of Golden Throat Lozenges (OTC) accounted for 92.4%, 92.4% and 90.6% of our revenue for the years ended 31 December 2012, 2013 and 2014, respectively. Our revenue from the sale of Golden Throat Lozenges (OTC) was RMB543.4 million, RMB507.0 million and RMB549.5 million for the years ended 31 December 2012, 2013 and 2014, respectively. The decrease was mainly due to temporary slowdown of our manufacturing facility in 2013, as we were in the process of moving towards launching our new packaging. After the upgrading, the shelf life of Golden Throat Lozenges (OTC) has been extended from two years to three years as a result of our adoption of automatic packing machines. In addition, we have increased the level of effective ingredients in Golden Throat Lozenges (OTC) in the new packaging configuration. For a detailed explanation regarding the decrease in revenue from this product, please refer to the section headed "Financial Information – Year to Year Comparison of Results of Operations – Year ended 31 December 2013 compared with year ended 31 December 2012" in this prospectus.

Golden Throat Lozenge Series Products – Food

As a part of our efforts to enter the food industry, we have developed Dule Lozenges (都樂含片) as a food product. In addition, in order to respond to consumer's increasing health awareness, we have, over the years, recognised there is a market for sugar-free products. Based on the success of our research and development work and our effort to enrich our product portfolio, our in-house research and development team has developed Golden Throat Lozenge Series Products (sugar-free series), which were commercially launched in 2013.

Our Golden Throat Lozenge Series Products include six products comprising of Dule Lozenges (都樂含片), sugar-free Dule Lozenges, and four other sugar-free flavours of this series products, namely orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊)

and American ginseng (西洋參). As a new-generation product innovated from Golden Throat Lozenges (OTC), the sugar-free products of the Golden Throat Lozenge Series Products are mainly designed to cater to those customers that prefer sugar-free products, and accordingly, sugar is not used in the production of these products. These sugar-free products also offer more choices of flavours to consumers.

The trademark of "Golden Throat Lozenge (金嗓子喉寶)" was certified as a "Well-known Trademark of China (中國馳名商標)" by the Trademark Office of the SAIC in 2005 in accordance with, amongst others, the Provisions for the Determination and Protection of Well-known Trademark (馳名商標認定和保護規定). "Well-known Trademarks of China" are trademarks that are widely known to the public and enjoy a high reputation in China. For further details of the administration and other benefits of the "Well-known Trademark of China (中國馳名商標)", please refer to the section headed "Regulatory Overview – Protection of Pharmaceutical Products in China – Well-known trademark administration" in this prospectus.

The production of Golden Throat Lozenge Series Products was (in particular, Dule Lozenges (都樂含片)) previously approved by Liuzhou Bureau of Health (柳州市衛生局) in 2005 and together with the sugar-free series, has been approved by Liuzhou Bureau of Quality and Technical Supervision (柳州市質量技術監督局) in 2013 under the Approval Serial Number of QS450213010038, which is valid until 9 March 2016 and can be continuously renewed for another three years upon expiry and satisfying certain requirements. We have been producing and selling Golden Throat Lozenge Series Products, namely, Dule Lozenges (都樂含片) and sugar-free series, since 2005 and 2013, respectively. We believe these products are now in the growth period of their product life cycle, as the majority of the Golden Throat Lozenge Series Products were only launched in 2013 and we are still in the process of refining distribution channels for such products, which are different from those for our Golden Throat Lozenges (OTC). As of the Latest Practicable Date, Golden Throat Lozenge Series Products had a shelf life of two years.

Golden Throat Lozenge Series Products are made from our proprietary formula comprising of various Chinese herbs, including without limitation Chinese olive (青果), honeysuckle (金銀花), fructus momordicae (羅漢果) and exocarpium citri rubrum (桔紅). The formula also includes certain other materials, such as isomalt (異麥芽酮糖醇), maltol (麥芽糖醇) and food flavour (食用香料). In particular, isomalt, as a key material different from the formula of Golden Throat Lozenges (OTC), is manufactured from sucrose via bacterial fermentation and has been used as a sugar substitute. We have been procuring isomalt for the manufacturing of our sugar-free series of Golden Throat Lozenge Series Products from Weikete, which is a connected person to the Company and will continue to do so after Listing. For further details for our procurement of isomalt as our raw materials, please refer to the section headed "Connected Transactions – Continuing Connected Transactions – Non-exempt Continuing Connected Transactions" in this prospectus.

Unlike Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products are a type of food and are distributed through separate channels, including retail outlets and supermarkets. As of the Latest Practicable Date, the recommended retail price for Golden Throat Lozenge Series Products (sugar-free series) was RMB15.8 per tin box, and the recommended retail price for Dule Lozenges (都樂含片) ranged from RMB6.8 to RMB12 per paper box.

The following table illustrates the share of turnover for Golden Throat Lozenge Series Products against our total turnover during the periods indicated:

	Year Ended 31 December					
	2012		2013		2014	
Turnover from:	**RMB'000**	**% of Total**	**RMB'000**	**% of Total**	**RMB'000**	**% of Total**
Golden Throat Lozenge Series Products	30,586	5.2	31,446	5.7	36,717	6.1

We have received a number of awards in recognition of our Golden Throat Lozenge Series Products. For details, please refer to the section headed "Business – Awards and Recognitions" in this prospectus.

We produce Golden Throat Lozenge Series Products in one production line and one packaging line at our facility in Liuzhou, Guangxi Zhuang Autonomous Region. Our current PRC manufacturing permit for Golden Throat Lozenge Series Products is valid until 9 March 2016 and can be continuously renewed for another three years upon expiry and satisfying certain requirements.

As of 31 December 2014, Golden Throat Lozenge Series Products were exported to seven countries and regions. Sales of Golden Throat Lozenge Series Products accounted for 5.2%, 5.7% and 6.1% of our revenue for the years ended 31 December 2012, 2013 and 2014, respectively.

Other Major Products

Other than our key products, we also produce a number of pharmaceutical and food products. Sales of our other products accounted for 2.4%, 1.9% and 3.3% of our revenue for the years ended 31 December 2012, 2013 and 2014, respectively. We set out below a summary of our other major products.

Yinxingye Tablet (銀杏葉片) – Prescription Medicine

According to its pharmaceutical product registration approval, Yinxingye Tablet is mainly designed to facilitate blood circulation, remove blood stasis and dredge energy channels. Yinxingye Tablet was approved as a prescription medicine by the CFDA under the Approval Serial Number Guo Yao Zhun Zi (國藥准字) Z20027939 and was re-registered with the Guangxi FDA under the Approval Serial Number 2010R002846, which is valid until 23 August 2015 and can be continuously renewed for another five years upon expiry and satisfying certain requirements. Yinxingye Tablet is made from our formula comprising of extracts from ginkgo leaves. We believe the product is in the development period of its product life cycle. As of the Latest Practicable Date, Yinxingye Tablet had a shelf life of two years.

Jinyin Sanqi Capsule (金銀三七膠囊) – Prescription Medicine

According to its pharmaceutical product registration approval, Jinyin Sanqi Capsule is mainly designed to regulate the flow of vital energy, activate blood circulation, remove blood stasis and relieve pain. Jinyin Sanqi Capsule was approved as a prescription medicine by the CFDA under the Approval Serial Number Guo Yao Zhun Zi (國藥准字) Z20025489 and was re-registered with the Guangxi FDA under the Approval Serial Number 2010R002810, which is valid until 16 August 2015 and can be continuously renewed for another five years upon expiry and satisfying certain requirements. Jinyin Sanqi Capsule is made from our proprietary formula comprising of various Chinese herbs, including without limitation ginkgo biloba (銀杏葉), panax notoginseng (三七), salvia miltiorrhiza bunge (丹參), ligusticum chuanxiong (川芎), boswellia carteri (乳香), artificial musk (人工麝香) and dipterocarpaceae (冰片). We believe the product is in the development period of its product life cycle. As of the Latest Practicable Date, Jinyin Sanqi Capsule had a shelf life of 18 months.

Fufang Baibu Zhike Granule (複方百部止咳顆粒) – Prescription Medicine

According to its pharmaceutical product registration approval, Fufang Baibu Zhike Granule is mainly designed to clean the lungs of congestion and relieve symptom of cough. Fufang Baibu Zhike Granule was approved as prescription medicine by the CFDA under the Approval Serial Number Guo Yao Zhun Zi (國藥准字) Z45021528 and was re-registered with the Guangxi FDA under the Approval Serial Number 2010R000224, which is valid until 23 August 2015 and can be continuously renewed for another five years upon expiry and satisfying certain requirements. Fufang Baibu Zhike Granule is made from our formula comprising of, amongst others, radix stemonae (百部) and semen armeniacae amarae (苦杏仁). We believe the product is in the development period of its product life cycle. As of the Latest Practicable Date, Fufang Baibu Zhike Granule had a shelf life of two years.

Qianlie Shutie (前列舒貼) – Medical Apparatus

According to its medical apparatus registration certificate, Qianlie Shutie is a type of medical plaster mainly designed for the treatment of prostatic hyperplasia and prostatitis. Qianlie Shutie was approved as medical apparatus by the Guangxi FDA in 2014 under the Approval Serial Number Gui Shi Yao Jian Xie (Zhun) Zi (桂食藥監械(准)字) 2014 (2260031). Qianlie Shutie is made from our proprietary formula comprising of plaster (made of magnetic sulphate ore powder (磁性硫酸鹽礦石粉末) or sulphate ore powder (硫酸鹽礦石粉末) and excipient (賦形劑)), fixed ring and medical adhesive tape. We believe the product is in the development period of its product life cycle. As of the Latest Practicable Date, Qianlie Shutie had a shelf life of two years.

Other Products

The following table sets forth the details of our other products that were sold in the market as of the Latest Practicable Date:

Product name	Main usage	Product type
Chenxianglu Bailu Tablet (陳香露白露片)	To treat gastric ulcer, erosive gastritis, hyperacidity, acute and chronic gastritis, stomach neurosis and duodenitis etc.	Over-the-counter medicine
Xiaoer Huatan Zhike Granule (小兒化痰止咳顆粒)	To treat cough and bronchitis of children	Over-the-counter medicine
Luohanguo Yuzhu Granule (羅漢果玉竹顆粒)	To treat cough caused by pulmonary dryness, and throat dryness and pain	Over-the-counter medicine
Banlangen Granule (板藍根顆粒)	To treat sore throat, dry mouth and throat, cheek swelling, acute tonsillitis and mumps	Over-the-counter medicine
Ganmao Kesou Granule (感冒咳嗽顆粒)	To treat cold fever, headache and cough	Over-the-counter medicine
Xiaoer Ganmao Granule (小兒感冒顆粒)	To treat anemopyretic cold of children	Over-the-counter medicine
Zhixie Granule (止瀉顆粒)	To treat acute gastroenteritis	Prescription medicine
Jinyinhua (金銀花)	Sold as food product	Food
Laotusi Yuanchun Wine (老土司元春酒)	Sold as food product	Food
Ruge Guiyuan Wine (乳鴿桂圓酒)	Sold as food product	Food
Huasheng Niuzha Candy (花生牛扎糖)	Sold as food product	Food
Moon cake (月餅)	Sold as food product	Food
Cake (糕點)	Sold as food product	Food
Mouthwash (漱口水)	To clean the oral cavity	Daily consumable item

SALES, MARKETING AND DISTRIBUTION

Branding

We have established strong brand recognition through our consistent efforts. We develop and promote our "Golden Throat (金嗓子)" brand by associating it with our core value of building on the traditional Chinese herbal medicine culture, delivering the benefits of a healthy lifestyle, focusing on our stringent quality control and safe assurance standards and providing convenient-to-consume products to our customers.

Our operation department focus primarily on the promotion of the "Golden Throat (金嗓子)" brand and formation of our overall marketing strategy.

Our principal brand, "Golden Throat (金嗓子)" was awarded with "Brand China – Huapu Award" by Brand China Industry Union and China Chamber of International Commerce in 2011 and "CCTV China Annual Brand" by CCTV in 2012. For further details, please refer to the section headed "Business – Awards and Recognitions" in this prospectus. The Directors consider that brand awareness and customer loyalty are key to the recognition of the "Golden Throat (金嗓子)" brand.

Our marketing strategy aims to associate our brand with a healthy lifestyle based on our core value of benefiting human beings in general. To promote brand awareness and customer loyalty, we promote the "Golden Throat (金嗓子)" brand as a unified brand to the general public. We have been marketing this brand under the slogans "To protect your throat, please use Golden Throat Lozenges (OTC)/保護嗓子，請用金嗓子喉片" and "Cure pharyngitis, immediately effective upon dosage/治療咽炎，入口見效", and we employ a multi-channel strategy to promote the "Golden Throat (金嗓子)" brand as a reliable, effective and safe provider of lozenge in China. We use advertisements on television networks (including, amongst others, CCTV and local TV stations), newspapers, magazines, outdoor billboards and signage, advertising platforms on trains, buses and taxis, online social platforms and networking websites to promote our brand awareness and recognition. We currently have Mr. Ricardo Izecson dos Santos Leite (also known as Kaká), a well-known Brazilian footballer, to endorse our brand since 2007. The territories covered by our current endorsement agreement with Kaká include China, Hong Kong, Macau, Taiwan, South Korea, Malaysia, Indonesia, Singapore, Thailand, Vietnam, United Arab Emirates, Japan and Saudi Arabia. The endorsement agreement will expire in July 2016. For the years ended 31 December 2012, 2013 and 2014, we had paid approximately RMB4.4 million, RMB4.6 million and RMB5.3 million for the endorsement by Kaká, respectively. The measures taken by the Company to prevent potential disputes with celebrities engaged to promote our products include, amongst others, (i) strengthening contractual protection by entering into legally binding endorsement agreements; (ii) proactively maintaining regular contacts with the celebrities through their local agents in China; (iii) strictly complying with the contractual provisions set out in the endorsement agreements and applicable laws and regulations with respect to our marketing activities. With the connection between sports and health, we believe such advertisement campaigns can further strengthen our health-conscious image with our customers. Our PRC legal adviser has advised us that since the beginning of the Track Record Period and up to the Latest Practicable Date, our advertisements for our products had been in compliance with the relevant PRC laws and regulations.

We consider that our customer loyalty is built and supported by the quality and effectiveness of our products and customer service. As such, we exercise stringent control over the quality of our products, placing particular emphasis on their consistency and curative functions. For further details, please refer to the section headed "Business – Quality Control" in this prospectus.

We also sell certain of our products under the "Dule (都樂)" trademark, which was registered since the establishment of Golden Throat Company, and we will continue such practice in the future.

We have, in the course of developing the formula of Golden Throat Lozenges (OTC), consulted Mr. WANG Yaofa (王耀發) who analysed the effective components of Golden Throat Lozenges (OTC) by utilising the free-radicals (自由基) theory and improved the theoretical basis of our product development. As a gesture of our appreciation, we had used Mr. WANG Yaofa's portrait in the packaging of certain of our products. Golden Throat Company entered into a licensing agreement with Mr. WANG Yaofa on 24 May 2001 as notarised by the Liuzhou Notary Office (柳州市公證處), based on which Mr. WANG Yaofa agreed that Golden Throat Company could use his portrait on our products without consideration and register his portrait as a trademark in the name of Golden Throat Company. In addition, Golden Throat Company and Mr. WANG Yaofa entered into a supplementary licensing agreement on 14 October 2014 as witnessed by two competent PRC lawyers to further confirm the above arrangements between the parties. Furthermore, Golden Throat Company entered into a formula licensing agreement with Mr. WANG Yaofa on 14 October 2014 as witnessed by two competent PRC lawyers to confirm, amongst others, Golden Throat Company's ownership of the proprietary formula of Golden Throat Lozenges (OTC). Our PRC legal adviser has advised us that the above licensing arrangements are in compliance with all applicable laws and regulations and are enforceable.

In order to show our appreciation of Ms. JIANG Peizhen's contribution to our success and to be in line with our long-term development, we have been in the process of changing the packaging of Golden Throat Lozenge Series Products (apart from American ginseng (西洋參) flavour) and Golden Throat Lozenges (OTC) to replace Mr. WANG Yaofa's portrait with Ms. JIANG Peizhen's portrait since March and June 2015, respectively. Our Golden Throat Lozenge Series Products (American ginseng (西洋參) flavour) and Yinxingye Tablet (銀杏葉片) are currently using Mr. WANG Yaofa's portrait, and we intend to replace this portrait with Ms. JIANG Peizhen's portrait on such products in August and September 2015, respectively. We intend to replace all of our remaining products containing Mr. WANG Yaofa's portrait with Ms. JIANG Peizhen's portrait by the end of 2015. It may take some time for our products in the new packaging configuration to be accepted by our customers, who may have been familiar with our products with the old package for a number of years. However, we believe that such change of the packaging will not have a material impact on our business or results of operations. We will update our promotional materials and advertisements and effectively communicate with our customers in connection with the change of packaging so that our customers will be able to recognise and be accustomed to our products in the new packaging configuration in a timely manner. For further details, please refer to the sections headed "Risk Factors – Risks Relating to the Company – Changing the packaging of certain of our products may have an adverse effect on our business, financial condition and operating results" and "Connected Transactions – Continuing Connected Transactions – Exempt Continuing Connected Transactions" in this prospectus.

Structure and Management of Sales and Marketing

We believe that strong brand recognition and reputation are essential to our success. As a result, we place an emphasis on marketing and promotion of our brand and products. Our operation department is responsible for formulating overall marketing and branding strategies, integrating marketing strategies with the operation of our distribution and sales system, making and controlling annual budgets for marketing activities, selecting product candidates for development and conducting market research and promotional activities. As of the Latest Practicable Date, our operation department comprised approximately 40 full-time staff.

It is an industry norm to engage distributors in selling and marketing products such as ours. We select distributors with proven distribution abilities, familiarity with their own target markets, financial strength, credit records, scale of operations and warehousing facilities. We conduct annual reviews of the performance of our distributors and based on the results of our review, we adjust the designated target annually, forfeit or release performance deposits or renew or terminate the contracts of those who either under-perform, consistently fail to meet their sales targets or violate our policies. Our sales team also has representatives in a number of cities to follow up with the sales and marketing as well as the delivery of our products.

Distribution Network and Infrastructure

Over-the-counter Medicines

Since 2013, we have categorised our distributorship system into two different groups, namely distributors (which are directly engaged by us) and sub-distributors (which are directly engaged by our distributors). The following table illustrates the number of our distributors for our over-the-counter medicines (primarily our Golden Throat Lozenges (OTC)) in China as of the dates indicated:

	31 December		
	2012	2013	2014
Distributors at the beginning of the period	153	158	212
Addition of new distributors	32	73*	23*
Termination of existing distributors	27#	16#	2#
Net adjustment between distributors and sub-distributors^Δ	–	(3)	(5)
Net increase (decrease) in distributors	5	54	16
Distributors at the end of the period	158	212	228

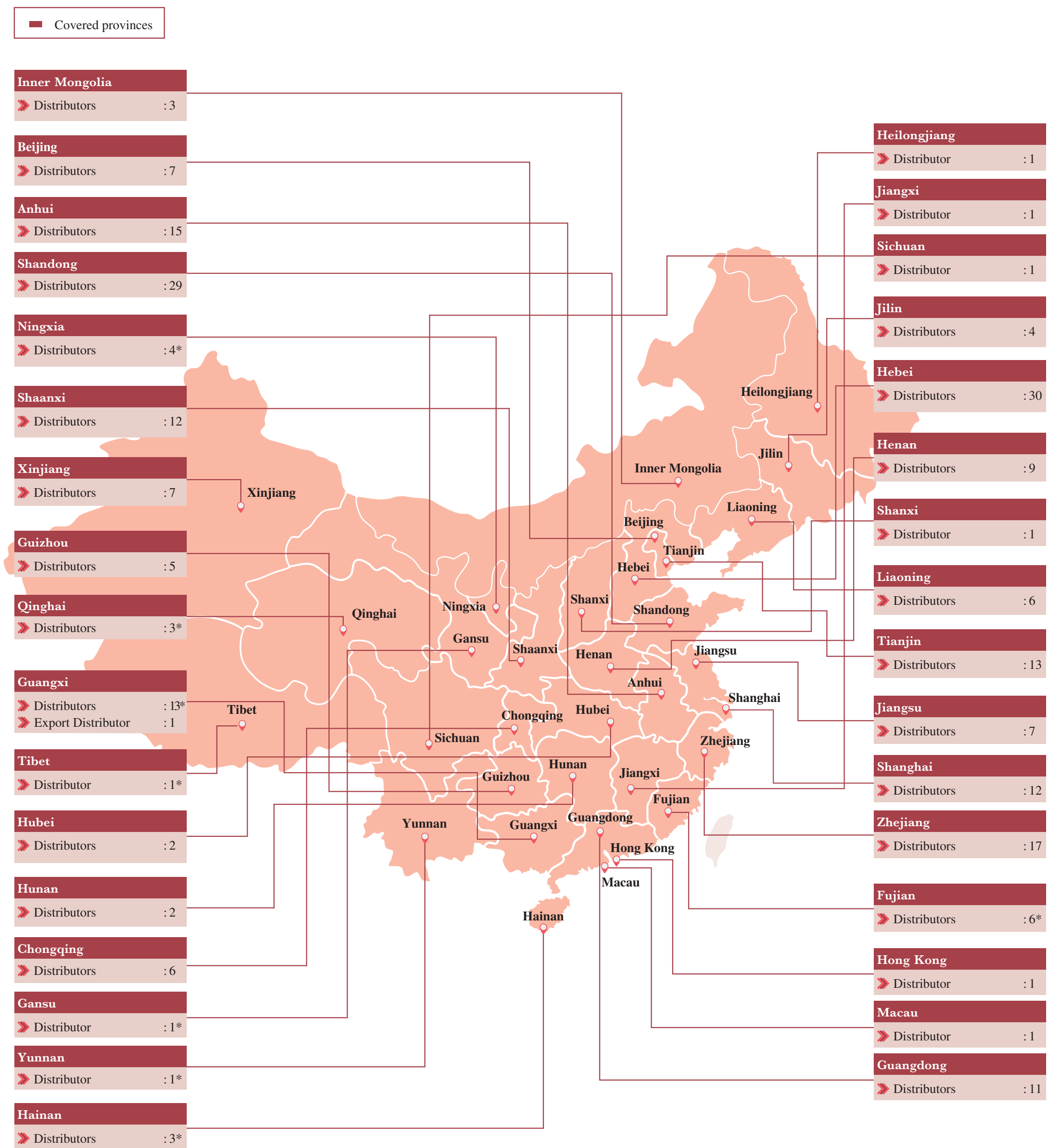
Notes:

Such distributors were terminated due to their failure to repay our respective receivables, which were not material to our financial condition and results of operations, or due to breach of distribution agreements such as cross-selling to other regions not designated under the respective distribution agreements.

* *The increase in the number of distributors was primarily due to (i) a strategic expansion of our distribution network into certain provinces, municipal cities and autonomous regions where we did not have any distributor in 2012 (such as Qinghai (two), Jilin (two) and Inner Mongolia (two) in 2013), in order to expand our coverage in such markets; and (ii) a deeper market penetration into certain provinces, municipal cities and autonomous regions where we had existing distributor(s) in 2012 (such as Shandong (12), Anhui (10), Hebei (nine), Guangdong (seven), Tianjin (six), Guangxi (four) and Hunan (four) in 2013), in order to take advantage of the new distributors' resources to further expand our distribution channels and to increase our reach to more pharmacies and retail outlets in various regions by our implementation of a refined distribution network since 2013.*

Δ *The adjustment is based on the annual reviews of the performance of our distributors and sub-distributors.*

The following map illustrates our distributors located in the PRC market for over-the-counter medicines as of 31 December 2014.



Note:

* *Certain distributors cover more than one province.*

Under our original distribution network prior to 2013, we had no sub-distributors and only entered into distribution agreements with our distributors. In order to better monitor and incentivise the performance of our distributors, we introduced the concept of sub-distributor in 2013. The number of our sub-distributors increased to 1,155 and 3,015 for the two years ended 31 December 2013 and 2014, respectively. The significant addition in the number of our sub-distributors in 2013 was due to (i) our new refined distribution network and policies which incentivised our distributors to engage more sub-distributors with a more systematic, stable and long-standing sales rebates system; and (ii) a further expansion of our distribution network in targeted areas and strengthening of our market penetration with more coverage in various distribution channels such as pharmacies through our sub-distributors. We have seen a substantial increase in the number of our sub-distributors in 2014 with the further development and active expansion of our refined distribution network.

Most of our products are over-the-counter medicines, which are sold to end customers through our distributors and sub-distributors. Our distributors are our direct customers and are Independent Third Parties. They are located in different regions throughout China. The distributors and sub-distributors for our over-the-counter medicines are required under PRC laws to obtain pharmaceutical operation permits and GSP certificates. All the sales to our customers in China are settled in RMB. As of 31 December 2014, we had established an extensive distribution network comprising 228 distributors for our over-the-counter medicines products covering all the provinces, autonomous regions and municipal cities throughout China. We believe that our distribution network is not easily replicable because it is the culmination of a process of over a decade of searching for, identifying, negotiating with and selecting qualified distributors in different regions across the country. Our sales model also requires a highly effective internal management system to control and support a distribution network of such a large scale. Over the years, we have also developed pricing strategies, which ensure that the profit margins of our products remain attractive to our distributors. In addition, the market leading position of our lozenge products helps retain our distributors.

Some of our distributors for our over-the-counter medicines, such as Sinopharm Holding Guoda Drug Store Co., Ltd (國葯控股國大葯房有限公司) and China Nepstar Chain Drugstore Ltd. (深圳市海王星辰醫藥有限公司), own and operate retail outlets through which they can sell our product to consumers.

Our original distribution network

Prior to 2013, we sold our products to all distributors at the same wholesale prices. Also, we did not have any contractual control over the wholesale prices at which our distributors subsequently sold our products through their respective distribution channels. A disadvantage of the original distribution system was that we could not reward distributors with a strong distribution performance by reducing our wholesale prices and increasing our sales rebates to them, thereby limiting our ability to incentivise their performance. Another disadvantage is that we had no contractual control over the wholesale price at which our sub-distributors subsequently sold our products, which led to increased risks of our distributors undercutting each other and wholesale price fluctuations. A further disadvantage of the original flat distribution system was that it was less efficient to administer, not conducive to expanding our distributorship network and we were not able to promote and demote distributors.

In addition, the sales rebate under the original distribution system was lower than that under the refined system. As a result, if a distributor breached a term of its distribution agreement with us, the resultant forfeiture of its sales rebate would have had a lesser financial impact on the distributor under the original distribution system than under the refined system.

Furthermore, the contractual terms of our original distribution agreements were not stringent enough to protect both parties' commercial interests as they did not set forth detailed provisions in relation to, amongst others, (i) wholesale pricing arrangements for the distributors to sell to their respective distribution channels, (ii) the grant of sales rebate, (iii) tracking and management of distribution flows, and (iv) the enforcement of the penalties on the distributors for failing to comply with our distribution policies.

As a result, the original distributorship system, being less systematically organised with less contractual protection and infrastructure support, might not have effectively reduced the distributors selling outside their designated regions and undercutting each other in terms of wholesale prices and might not have effectively monitored breaches by distributors of our wholesale pricing and distribution policies.

Our refined distribution network

We have refined our distribution network for our over-the-counter medicines in 2013. We classify our distributors (with whom we have direct contractual relationships) into two categories – the upper category, being reserved for distributors with a stronger distribution performance or capability, enjoys more favourable wholesale pricing and sales rebates than the lower category. (Within each category, however, we do not further distinguish between distributors but instead apply uniform wholesale prices and sales rebates to them.) The classification is based on several factors, including the availability of a promoter in the region where the distributor operates (which reduces our reliance on distributors), the distributors' proven distribution abilities, their familiarity with their own target markets, their adherence to the terms of our distribution agreements in the past, their financial strength, credit record and scale of operations. The new classification allows us to demote or promote distributors according to their performance, thereby giving them more incentives to sell more of our products and comply with the terms of our distribution agreements.

Under this refined distribution network, distributors in the upper category enjoying more favourable wholesale pricing and sales rebates are normally provincial-level agents whereas the other category of distributors primarily consists of municipal-level agents. In regions where our promoters are present, we tend to have distributors of the lower category because we can rely on the promoters to facilitate the distribution. The primary reasons why we rely on the promoters to facilitate the distribution of our products in certain regions are: (i) their knowledge of local markets and substantial experience in promoting our products; and (ii) their familiarity with local municipal level agents and we benefit from their facilitation and ongoing feedback of such local markets. In principle, we try not to have distributors of different categories in the same region, unless we believe that there is a compelling commercial reason to do so (e.g. when certain distribution channels in a region are dominated by different distributors, and the sales performances of these distributors vary too much for them to be placed in the same category).

Another feature of the refined distribution policies is that we exercise control over the terms of sales between our distributors and their respective sub-distributors. We achieve this by requiring the distributors in our distribution agreements with them to: (i) follow a minimum wholesale price and a fixed level of sales rebate when they on-sell our products to their sub-distributors (this minimum wholesale price and sales rebate would be a uniform amount across all the sub-distributors, regardless of whether they are engaged by the upper or lower category of distributors); and (ii) in turn require their sub-distributors to pass on our recommended retail price when they on-sell our products to pharmacies and retail outlets. This kind of control has effectively avoided significant fluctuations and undercutting in the wholesale prices of our products, whether those at which we sell to our distributors or those at which our distributors on-sell to their respective sub-distributors. Although we do not have control over the wholesale price at which the sub-distributors on-sell our products to pharmacies and retail outlets, we believe there is little room for the sub-distributors to undercut each other in terms of wholesale price because such wholesale price would be very close to the recommended retail price.

The refined distribution policies also introduced generally higher sales rebate for our distributors and sub-distributors which, coupled with our wholesale price differentiation between different categories of distributors and sub-distributors, allows us to incentivise our distributors and sub-distributors based on their respective merits as described above. The implementation of a higher sales rebate for our distributors and sub-distributors with percentage differentiation has given our distributors and sub-distributors more incentives not to cross-sell our products beyond the designated region or territory, not to sell our products at different wholesale prices and not to breach other terms of the distribution agreements which would result in a reduction or forfeiture of the sales rebate.

In summary, we set out below the key features of the original and refined distribution networks:

	Original	**Refined**	**Implications after refinement**
Network Structure . . .	Single category distributorship system with no sub-distributor	Include distributors (with two categories) and sub-distributors	Better monitoring and incentivising the performance of distributors and sub-distributors as well as enabling us to promote and demote distributors
Infrastructure . .	No electronic tracking code system	Implemented electronic tracking code system	Enabling us to track the distribution flows of our products by identifying to which batch and designated region they belong, whereas the original system could not do so
Policies	Single uniform wholesale pricing	Different wholesale pricing for distributors in different categories (but with uniform wholesale pricing within each category)	Clearer wholesale pricing policy, which coupled with the enforcement and penalty measures described below, allows better control over each category of distributors to avoid undercutting each other in terms of wholesale prices and less fluctuation in wholesale prices
	No control over terms of sale between distributors and third parties	Contractually require distributors to follow a minimum wholesale price and a fixed sales rebate when they sell to sub-distributors	Enabling us to avoid significant fluctuations and undercutting in wholesale prices

	Original	Refined	Implications after refinement
	Flat sales rebate to distributors	Differentiation of sales rebates between (i) distributors in the upper category, (ii) distributors in the lower category and (iii) sub-distributors (in descending order of the amount of sales rebates granted by us)	Better incentivisation (with higher sales rebate in the refined system) of distributors to perform better
	No cross-selling beyond designated region or territory	No cross-selling beyond designated region or territory	N/A
Enforcement and penalty. .	Difficult to enforce without adequate tracking system to identify cross-selling beyond designated region or territory and other breaches of wholesale pricing and distribution policies	Monitoring the distribution flows with the assistance of the electronic tracking code system, enhanced reduction and forfeiture penalty measure and our sales personnel's monthly visit to pharmacies and retail outlets, in order to identify cross-selling beyond designated region or territory and other breaches of wholesale pricing and distribution policies	Enhancing implementation of our wholesale pricing and distribution policies under the refined system which make it more effective to deter cross-selling beyond designated region or territory and other breaches of wholesale pricing and distribution policies

Save in the case of the tri-party distribution agreements set out below, we sell our products directly to our distributors under the refined distributorship system, and such distributors then sell our products to their respective sub-distributors or directly to end customers.

We encourage our distributors to prepay the full amount due for the products before we deliver the products by granting more sales rebates and prioritising the products delivery to the extent practicable. In addition, in accordance with the agreements with our distributors, we monitor the information in connection with the flow of our products sold by our distributors and in extreme circumstances would exercise our right to inspect the warehouses of our distributors to verify the level of inventory. As a result, we can more effectively monitor the activities of our distributors, who in turn will help monitor their respective customers or sub-distributors. Based on our ongoing monitoring and annual reviews of the performance of our distributors and sub-distributors, we will reclassify our distributors to sub-distributors, or vice versa. Furthermore, in order to restrict our distributors from selling our products outside their designated regions, we have the contractual right to cancel all or a portion of the sales rebates to our distributors and cease the supply of our products to our distributors if such distributors do not comply with the terms of the distribution policy. By adopting uniform wholesale prices for each category of our distributors, providing pricing guidance and imposing cross-selling restrictions for sub-distributors, the sub-distributors may maintain a more stable relationship with their respective distributors, which in turn helps to reduce competition and overlap among our sub-distributors and assists in fostering a more healthy and stable business environment among our distributors and sub-distributors.

Infrastructure

In conjunction with the refining of our distribution network and policies, we introduced the electronic tracking code system, the Electronic Supervision Code of PRC Medicines (中國藥品電子監管碼), in March 2013 to effectively monitor and supervise the distribution flow of our over-the-counter medicines in order to avoid accumulation of inventory at the distributors' and sub-distributors' sites.

By printing a unique electronic tracking code on each package which will be scanned by (i) our workshops during the manufacturing process; (ii) our employees when the finished products are being transported into and out of the warehouses; (iii) our distributors when they receive our products; and (iv) our sub-distributors when they receive our products from our distributors, we can monitor the distribution flow of our products through the data collected from the scanning equipment at each stage of the above process. It can further help identify unauthorised parties distributing counterfeits of our products in the market. This system enhances our ability to acquire more information and to cope with an increase in the number of our distributors and sub-distributors.

By implementing this system, we have required all our distributors to report their distribution flow to us by batches once they receive and distribute our products, which, in turn, effectively assists us to monitor their performance and market acceptance of our products. We also require our distributors to strictly monitor the activities of their respective sub-distributors with respect to our wholesale pricing and distribution policies by requesting such sub-distributors to report their distribution flow to us at the time when they receive our products and distribute the same to pharmacies and retail outlets. Our distributors are required, under the distribution agreements, to co-operate with us with regard to our penalty imposed on, or to withhold the provision of products to, the sub-distributors who have breached our wholesale pricing or distribution policies, after receiving a written notice from us; otherwise a deduction of the sales rebates or a reduction or suspension of product provision will be imposed on our distributors. We further incentivise our sub-distributors to submit their data to us through scanning the electronic tracking code by granting sales rebate.

In addition, our sales personnel visit pharmacies and retail outlets on a monthly basis to check the retail prices and to verify the source of distribution by scanning the electronic tracking code. In the event that any retail price is lower than our recommended retail price, we would request the relevant distributors (and in turn, their respective sub-distributors) to provide the selling records (including, amongst others, the wholesale prices) in order for us to verify their adherence to our wholesale pricing policy. Our sales personnel submit such information for our overall assessment of the performance of our distributors and sub-distributors as well as their compliance with the distribution agreements and our wholesale pricing and distribution policies.

By implementing the measures set out above, entering into distribution agreements with tighter contractual terms and adopting the electronic tracking code system, we can, compared with our original distributorship system, (i) better monitor and control the sales flow of our products; (ii) reduce unnecessary competition among our distributors and their respective sub-distributors; (iii) better stabilise the wholesale prices of our products; (iv) reduce the sale of counterfeit products; and (v) reduce cross-selling of our products across the regions designated for particular distributors.

Policy to manage "cannibalisation"

We carefully identify and select our distributors by taking into account, amongst others, their past performance, their geographic territories, their proven distribution abilities and the scale of their operations so as to reasonably match their capabilities and targets of selling of our products in such region. For the year ended 31 December 2014, in 21 provinces, municipal cities and autonomous regions, we had more than one distributor because (i) we wanted to expand our market share by reaching more pharmacies and retail outlets through various distributors and sub-distributors; and (ii) in some cases, we had to do so because certain distributors do not have capacity to cover the entire province/city/region, or because the different distribution channels in the province/city/region are dominated by different distributors. We believe the risk of cannibalisation among our distributors and/or sub-distributors can be effectively managed for the following reasons:

- when we review and plan our distribution network each year, we strategically take into account the geographic strength of each distributor's network of sub-distributors and business relationships;

- we keep a record of our distributors' past performance and scale of operations, which assist us to carefully measure and allocate the sales target to the distributors (and which would, in turn, allocate the sales target to their sub-distributors), so that the sales target for each distributor and sub-distributor would not be excessive to their capability and that the overall aggregate sales to distributors in a region would be in line with the expected demand in that region;

- we carefully analyse the distributors' business relationships and distribution channels (such as wholesale, pharmacies and retail outlets) and review our sub-distributors on a sample basis in order to differentiate various distribution channels with appropriate engagement and allocation of distributors and sub-distributors; and

- based on the information gathered through the electronic tracking code system and our communication with our distributors and sub-distributors during the Track Record Period, we believe we did not experience any unmanageable cannibalisation issue that would materially and adversely affect our operations.

In order to lower the potential risk of cannibalisation and to create an orderly environment among distributors and sub-distributors in a particular region, (i) we have the contractual right to cancel all or a portion of the sales rebates to our distributors and cease the supply of our products to our distributors if such distributors do not comply with the terms of the distribution policies with respect to wholesale prices and distribution flows of our products (in case of serious breaches, we may terminate the distribution agreements with our distributors); (ii) our distribution agreements specify the geographic regions for which the distributor is responsible and prohibit distributors from selling our products outside their respective designated geographical regions, either directly or through their sub-distributors, with an aim to establish a network of distributors and sub-distributors which complement each other and to reduce unnecessary overlap; and (iii) we adopt uniform wholesale prices for our products for all distributors in the same category and uniform minimum wholesale prices for all sub-distributors and monitor the inventory level kept by our distributors to ensure that inventory levels are not excessive to the expected market demand. In addition, we keep close communication with our distributors and visit pharmacies and retail outlets to ensure our wholesale pricing and inventory policies are generally complied with.

With the systematic reorganisation of our distribution network for our over-the-counter medicines, we believe we have been able to more efficiently manage the expansion of our distribution network on the back of stabilised product prices and clearer allocation of responsibilities among the distributors and sub-distributors. We believe that the refined distribution network more effectively protects the commercial interests of our distributors and sub-distributors, fosters orderly operation of the distributorship system, manages the distribution flow of our products in a more efficient way and consolidates the implementation of contractual terms. We believe that, as a result of the above, more distributors and sub-distributors have endorsed our refined distribution network and we have significantly increased the number of our distributors and sub-distributors and substantially expanded our distribution channels for our over-the-counter medicines since 2013.

During the initial stage of refining our distributorship system in 2013, we saw a significant number of new distributors and sub-distributors being added into our refined distribution network. This addition, coupled with the introduction of the new packaging configuration and new sales and wholesale pricing policies, meant that we had to incur significant time and effort to work out the synergies between all our distributors and sub-distributors. The distributors also had to adapt to and implement the new sales and wholesale pricing policies in order to substantially increase the sales volume of Golden Throat Lozenges (OTC). We strategically controlled the supply to our distributors (and in turn, their respective sub-distributors) in order to ensure the sales target was appropriate for their respective capabilities in order to increase sales and that our distributors and sub-distributors would not build up excessive inventory. In addition, the newly engaged distributors and sub-distributors needed time to explore the market and establish their own distribution channels for Golden Throat Lozenges (OTC). Based on our ongoing monitoring and annual reviews of the performance of our distributors and sub-distributors, we adjusted the sales target for each distributor on an annual basis. We saw an upward trend in sales volume (in terms of the number of boxes sold) in 2014 and for the four months ended 30 April 2015. For further details, please refer to the section headed "Business – Future Expansion and Upgrade Plan" in this prospectus.

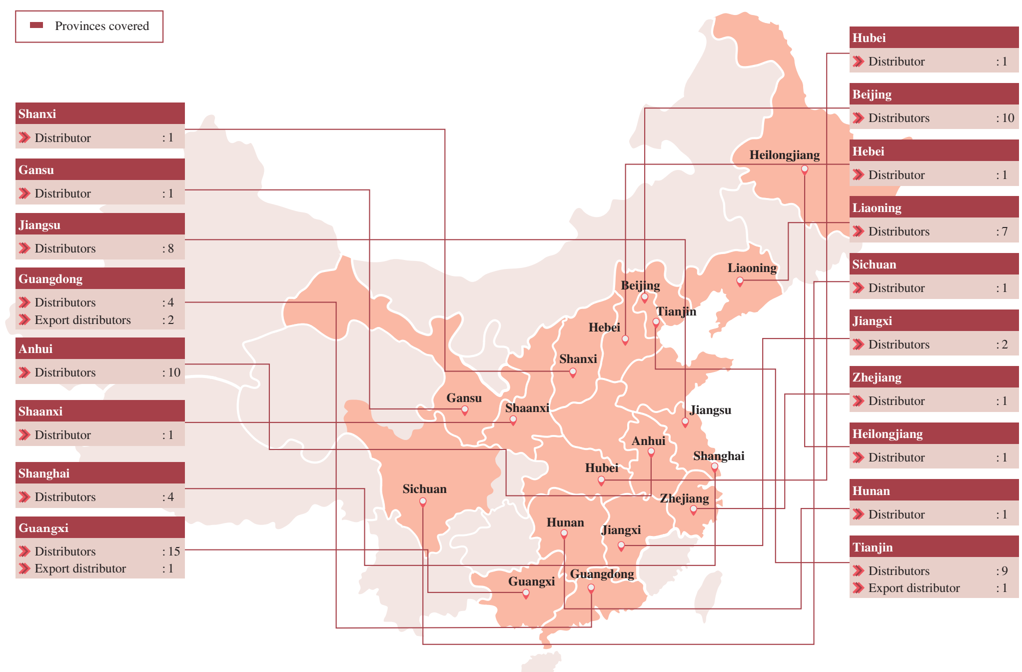
Food

We have entered into distribution agreements with our distributors at the provincial level on an annual basis for our food products. Such distributors may also appoint sub-distributors in the same province or sell to the outlets and supermarkets directly. We sell our food products only to distributors that have obtained the necessary licences and certificates required for distributing food products in China. Our distributors are required to provide proof of Food Circulation Permit and other permits before establishing a distribution relationship with us and are subject to regular inspection by the relevant authorities.

The following table illustrates the number of our distributors for our food products (primarily our Golden Throat Lozenge Series Products) as of the date indicated:

	31 December		
	2012	2013	2014
Distributors at the beginning of the period	49	62	79
Addition of new distributors	13	17	3
Termination of existing distributors	0	0	0
Net increase (decrease) in distributors	13	17	3
Distributors at the end of the period	62	79	82

The following map illustrates the number of our distributors for our food products by region in China as of 31 December 2014.



Prescription Medicines and Medical Apparatus

Our prescription medicines and medical apparatus, such as Yinxingye Tablet (銀杏葉片) and Qianlie Shutie (前列舒貼), are sold directly to medical companies. The medical companies for our prescription medicines and medical apparatus are also required under PRC laws to obtain pharmaceutical operation permits and GSP certificates. We sell our products only to medical companies that have obtained the necessary licences and certificates required for distributing prescription medicine products in China. The medical companies are required to provide proof of GSP certificates and pharmaceutical operation permits before establishing a distribution relationship with us and are subject to regular inspection by relevant authorities.

The following table illustrates the number of the medical companies distributing our prescription medicines and medical apparatus as of the dates indicated:

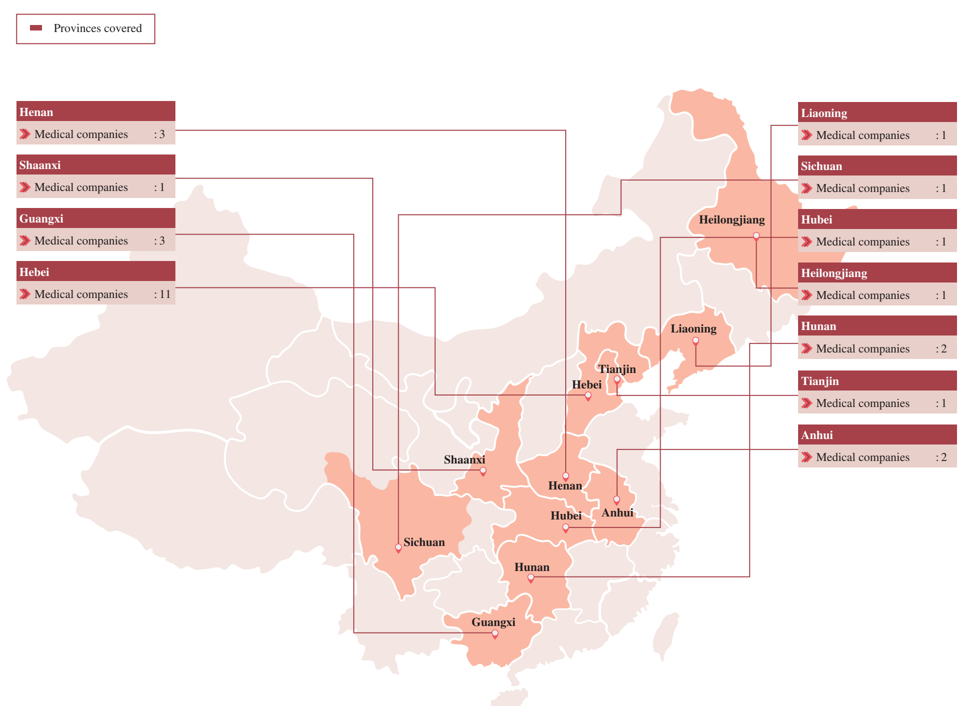
	31 December		
	2012	2013	2014
Medical companies at the beginning of the period	10	8	11
Addition of new medical companies	0	3	17*
Termination of existing medical companies	2#	0	1#
Net increase (decrease) in medical companies . . .	(2)	3	16
Medical companies at the end of the period	8	11	27

Notes:

\# *Such medical companies were terminated due to their failure to satisfy our annual assessment.*

* *The increase in the number of medical companies was primarily due to our market expansion strategy in prescription medicines.*

The following map illustrates the number of the medical companies distributing our prescription medicines and medical apparatus by region in China as of 31 December 2014.



As of 31 December 2014, we had established an extensive distribution network comprising over 300 distributors. In some regions, there were certain overlaps between our distributors for our over-the-counter medicines, our food products and our prescription medicines and medical apparatus, which may distribute more than one category of our products.

With respect to our health food products currently contemplated to be introduced into the markets in the second half of 2015, we intend to take advantage of our existing over-the-counter medicines and food distribution channels.

Promoters

To further facilitate our distribution and monitoring of the activities of the distributors, we have also entered into products promotion cooperation agreements with promoters on an annual basis, who are all individuals and Independent Third Parties and who have been engaged to provide promotional services for our over-the-counter medicines and food products. Our promoters have knowledge of local markets and substantial experience in promoting our products. For the years ended 31 December 2012, 2013 and 2014, we had 14, 14 and 13 promoters, respectively. We generally select promoters based on their experience and track records in dealing with distributors of medicine or food products in the local regions. We engage only one promoter in each particular region. Pursuant to our agreements with these promoters, our promoters are responsible for (i) carrying out promotional and advertising activities and communicating with the customers which may include distributors, sub-distributors, retail outlets and pharmacies, (ii) assisting us with coordination relating to warehousing and transportation of our products in accordance with the applicable laws and regulations, and (iii) any damage or loss arising from the quality of our products caused by their failure to comply with the relevant laws and regulations in relation to warehousing. Our promoters are not allowed to promote other companies' products which compete with our products. We bear the expenses for publicity and advertisements and other related costs for promotional activities, which cannot exceed a certain amount unless agreed by us in advance in writing. In addition, we also pay promotional service fees to these promoters, which are determined by mutual agreement and calculated based on sales volume, product prices and other relevant factors in the respective regions. We are responsible for liabilities to any third parties relating to defective products and manufacturing capacity. We also bear the costs of, and the risks associated with, transporting our products to the designated warehouses or end purchasers. Our promoters have the obligations to provide assistance in case that we need to claim losses from responsible carriers. We have maintained a long-term relationship with these promoters. For the years ended 31 December 2012, 2013 and 2014, we paid RMB1.7 million, RMB3.4 million and RMB5.9 million, respectively, to our promoters.

Our promoters must ensure all the promotional activities comply with our requirements in relation to overall pricing and monitoring systems; otherwise we have the contractual right to terminate the relevant products promotion cooperation agreement and also request the non-compliant promoter to compensate any loss caused to us by such promoter.

Credit Control

We aim to collect payment from our distributors before delivering our products to them. However, for our distributors with whom we have long-term relationships, we typically extend a short-term credit period of three months. Our distributors place their orders with us in advance, depending on their inventory level and estimated sales volume. We only grant credit periods to distributors which have strong credit records and steady cash flow. Other than those provisions made for impairments of trade and other receivables amounting to RMB9.8 million, RMB14.2 million and RMB14.4 million as of 31 December 2012, 2013 and 2014, respectively, we have not experienced any material delays of payment by our distributors.

Product Pricing

The Directors consider that due to the economies of scale and production efficiency achieved by us, we are able to offer our products at competitive prices. In determining our pricing strategies and the wholesale price given to our distributors, we take into consideration the following factors:

- our marketing strategy (including, amongst others, advertising expenditure) towards the products;
- the competitive environment in the relevant markets (including, amongst others, the distribution costs and margins of similar products);
- the quantity of the products sold;
- the final retail price of the products and our cost and profit margin;
- the attractiveness of our products to distributors;
- the relationship with and the distribution capability, distribution cost and level of our distributors; and
- the distributors' track record in distributing our products.

Prior to the introduction of the refined distributorship system in 2013, we sold our over-the-counter medicines to all distributors at the same wholesale prices and the wholesale prices were adjusted regularly according to market conditions. Under the refined distributorship system introduced in 2013, wholesale prices vary between the two categories of distributors, but the same wholesale price is applied to distributors within the same category. These wholesale prices had remained the same since the introduction of the refined distributorship system up to the Latest Practicable Date.

As of the Latest Practicable Date, none of our key products were subject to price controls by any authorities in China. Golden Throat Lozenges (OTC) was within the scope of Guangxi Provincial Basic Drugs (廣西省級基礎藥物) prior to November 2013 and was subject to government guidance price. For further details, please refer to the section headed "Regulatory Overview – Other Related Regulations in the PRC Pharmaceutical Industry – Price Control" in this prospectus. Government guidance prices are mainly in the form of fixed or maximum retail prices, which indirectly limit the wholesale prices at which we can sell the relevant products to our distributors. However, there had been no fixed or maximum retail prices promulgated by any authorities in China on Golden Throat Lozenges (OTC). The reasons for us to apply for Golden Throat Lozenges (OTC) to be removed from the scope of Guangxi Provincial Basic Drugs are that (i) given the pricing restriction imposed by the Guangxi Provincial Basic Drugs, we did not necessarily have the flexibility to set the wholesale prices of our products based on the demand for our products and market conditions; (ii) we updated the packaging configuration of Golden Throat Lozenges (OTC) in 2013, and it is commercially desirable for us to have the ability to adjust the price to the extent necessary; and (iii) we reorganised our distribution network in 2013, which has significantly expanded our distribution network of our over-the-counter products. The aggregate revenue we generated from Golden Throat Lozenges (OTC) accounted for 92.4%, 92.4% and 90.6% of our total revenue for the years ended 31 December 2012, 2013 and 2014, respectively. Since November 2013, our top product Golden Throat Lozenges (OTC) in the new packaging configuration has been allowed to set its own price based on manufacturing cost and market demand.

Relationships with Distributors

For the years ended 31 December 2012, 2013 and 2014, our top five distributors accounted for approximately 35.8%, 29.1% and 24.8% of our total revenues, respectively. For the years ended 31 December 2012, 2013 and 2014, our largest distributor accounted for approximately 10.2%, 7.7% and 6.9% of our total revenues, respectively. On average, our top five distributors have approximately eight years of relationship with us. During the Track Record Period, to the knowledge of the Directors, the Directors and their close associates and the Shareholders are independent from our distributors, and no such person who owns more than 5% of our issued share capital had any interest in any of our top five distributors. During the Track Record Period, save as disclosed below, none of our distributors was a major supplier of ours.

For our over-the-counter medicines (primarily our Golden Throat Lozenges (OTC)), we enter into legally binding agreements with our distributors for a term of one year, pursuant to which such distributors purchase our products and, in turn, sell such products to their sub-distributors or retailers. Based on the distribution agreements entered into with our distributors, our distributors (which are normally provincial-level agents) are required to maintain a certain number of sub-distributors. The sub-distributors are engaged directly by our distributors. We are not directly involved in the appointment of sub-distributors by our distributors, and such appointment does not need our consent. However, the agreements between our distributors and their respective sub-distributors must comply with our pricing guidance and cross-selling restriction and be submitted to us for our records according to our distribution agreements with our distributors. We monitor the implementation of the agreements between our distributors and their respective sub-distributors by keeping close communication with our distributors and sub-distributors and visit them on a regular basis. In addition, we are responsible for funding sales rebates granted by our distributors to their respective sub-distributors. We are also primarily responsible for marketing and promotion of our products in the relevant regions in China. In order to monitor the inventory level of the sub-distributors to prevent channel stuffing, (i) we strictly control the distribution of our products by encouraging our distributors to prepay the full amount due for the products before we deliver the products so as to monitor the distribution flow of our products; (ii) we keep close communication with our distributors and sub-distributors to observe their inventory level; and (iii) our employees and promoters visit our end customers such as pharmaceutical outlets on a regular basis to check the end of the distribution flow of our products. During the Track Record Period and up to the Latest Practicable Date, to the best of our knowledge, all our distributors and sub-distributors were Independent Third Parties. None of our distributors and sub-distributors are allowed to use our name during the performance of their respective agreements.

Our legally binding agreements with our distributors specify geographic regions for which such distributors are responsible and also set out an agreed annual purchase amount. Our distributors are not allowed to sell our products outside of the geographic regions designated in the distribution agreements. We impose penalties in the event that our distributors cross-sell our products to other geographic regions. We will grant sales rebates to our distributors if they can meet the agreed purchase amount requirement but there is no penalty if they fail to reach the agreed purchase amount. For the years ended 31 December 2012, 2013 and 2014, we granted sales rebates in the form of cash of RMB5.4 million, RMB13.9 million and RMB35.6 million, respectively. We set wholesale pricing under the distribution agreements based on a discount to the recommended selling price to end customers in the designated region. Our agreements with our distributors also specify minimum wholesale prices that such distributors sell to their sub-distributors. We have the contractual right to cease supplying products to our distributors if they sell our products at lower wholesale prices than the agreed standards. We are also entitled to instruct our distributors to cease supplying our products and/or providing sales rebates to their sub-distributors if the wholesale prices of sub-distributors are lower than the agreed wholesale pricing policy and/or the distribution flow is against the agreed distribution policy. The sales rebates are primarily assessed and paid on a quarterly basis and may be paid in the form of cash and free products.

Our distributors have the contractual right to return any defective products to us and to request replacement products. Title to our products and legal risks of our products sold to our distributors are passed onto those distributors when the products are delivered to, and accepted by, them. The sales are recognised as revenue when our products have been delivered to our distributors and our distributors accept our products. Our distributors are expected to destroy any expired products at their own cost and we will not reimburse the distributors for such costs. During the Track Record Period, we had no material sales returns. We are also not aware of any material accumulation of stock of our products by our distributors or sub-distributors since the beginning of the Track Record Period and up to the Latest Practicable Date.

We require our distributors and their respective sub-distributors to submit to us the Electronic Supervision Code of PRC Medicines (中國藥品電子監管碼) of our over-the-counter products sold by them. In this manner, we can track the distribution flow of our over-the-counter products into different regions. We also dispatch personnel to our distributors from time to time to verify their sales situation and also conduct on-site inspection of their warehouses.

Our distributors need to place their orders at least seven days in advance and are encouraged to prepay full amount of the products before we deliver the products to them. We are responsible for long-distance transportation of our products from our warehouses to our distributors by railway or highway. In the case of highway, we normally engage transportation companies who are Independent Third Parties to arrange the transportation of our products. Our designated employees are usually on board to accompany the transit of our products. The warehouses of our distributors must meet the GSP standards and we will not be responsible for any damage or loss in relation to our products after such products are accepted by our distributors after inspection. Our distributors have obligations to notify us for any quality issues with respect to our products and we are responsible for handling such quality issues with assistance of our distributors.

In addition to the above measures implemented by us to prevent channel stuffing within our distribution network, namely that (i) our distributors have no right to return any products once accepted by them; (ii) we encourage our distributors to prepay the full amount due for the products before we deliver the products to them by granting more sales rebates and prioritising the products delivery to the extent practicable; and (iii) we track the distribution flow of our products in the despatch of our products from our distributors to their respective sub-distributors based on our electronic tracking code system to accurately verify the sales of such products, (a) we maintain continuous contact with our major distributors to monitor the status of our products and their up-to-date inventory levels of our distributors; and (b) we control the amount of purchases from our distributors within an appropriate range with reference to historic records of sales volumes and current sales targets of such distributors and other relevant factors.

When entering into agreements with us, our distributors need to provide, amongst others, copies of their relevant certificates including their business licences, Pharmaceutical Operation Enterprise Permits (藥品經營企業許可證) and GSP certificates. Our sub-distributors are also required to obtain GSP certificates in order to distribute our products. Our distributors have confidential obligations with respect to, amongst others, our operation plans, prices and market information within 12 months after the relevant agreements have expired or are terminated.

In some occasions, we have also entered into tri-party distribution agreements with two categories of our distributors in order to better monitor and supervise the sale of our products in certain regional markets and to promote competition. Such tri-party distribution agreements specify a particular region for two categories of our distributors and also set out an agreed annual purchase amount that the latter category of our distributors purchase from the former category of our distributors. Pursuant to such tri-party distribution agreements, we will provide sales rebates to the latter category of our distributors if they can meet the agreed purchase amount requirement but there is no penalty if they fail to do so. The latter category of our distributors cannot sell our products out of the designated regions and are obliged to assist us in tracking the sales flow of our products. In addition, the latter category of our distributors must purchase our products from the former category of our distributors and the calculation of sales rebates will only be based on the purchase amount by the latter category of our distributors from the former category of our distributors. The latter category of our distributors also have the obligations to prioritise the promotion of our products and cannot sell our products at a wholesale price that is below the agreed minimum wholesale price. Furthermore, the latter category of our distributors need to keep their inventory of our product at a reasonable level and avoid running out of stock.

As of the Latest Practicable Date, to the best of our knowledge, there were no current or former employees of the Group acting as our distributors for our products.

Overlapping of Distributors and Suppliers

For the years ended 31 December 2012, 2013 and 2014, three of our major distributors, namely Sinopharm Medicine Holding Liuzhou Co., Ltd. (國藥控股柳州有限公司), Anhui Lvyuan Pharmacy Co., Ltd. (安徽綠源醫藥有限公司) and Guangxi Xingye Tongji Pharmacy Co., Ltd. (廣西興業同吉醫藥有限責任公司), were also among our major suppliers. Sinopharm Medicine Holding Liuzhou Co., Ltd. was selected as both our distributor and supplier because it is located close to us and has geographic advantages for our distribution and supply demand, whereas the other two enterprises were selected because they are located in the relevant regions renowned as pharmaceutical distribution centres.

Our sales to the above three major distributors that were also our major suppliers attributed to approximately 4.5%, 6.4% and 6.8% of our total sales revenue for the years ended 31 December 2012, 2013 and 2014, respectively. The amount of purchases from the above three major suppliers that were also our major distributors attributed to approximately 16.1%, 10.9% and 2.3% of our total purchases for the years ended 31 December 2012, 2013 and 2014, respectively. The amount of purchases from, and supplies to, these three overlapping distributors and suppliers are treated separately from an accounting perspective and have not been offset against each other. The Company also has separate teams to liaise with the distribution and supply divisions of these three overlapping distributors and suppliers, respectively. The Directors consider that alternative suppliers can be found in the market to supply the Group with the raw materials on similar terms as those readily available and set out in the section headed "Business – Raw Materials Procurement" in this prospectus. We believe such alternative sources for our principal raw materials can provide us with substitutes with comparable quality and prices.

International Marketing, Sales and Distribution

We currently have a presence in various overseas markets for our products, including the United States, Canada, the European Union, Australia, Southeast Asia and Middle East through our local distributors. We have engaged Liuzhou Jianli, which is an Independent Third Party and an import and export company, for the declaration at customs for the exportation of our products to the relevant overseas markets and the collection of payments since 2003. Based on our agreements with Liuzhou Jianli and our agreements with our local distributors, we grant our distributors an exclusive right to import, market and sell the relevant product within a specified region. Liuzhou Jianli and local distributors are responsible for handling all regulatory matters in connection with the importing and marketing of our products at their own costs, including product registration and clinical tests, if required. The price at which we sell to our local distributors through Liuzhou Jianli is specified in the agreement and is fixed for the contractual term. We deliver our products to Liuzhou Jianli after receiving deposit from Liuzhou Jianli. After Liuzhou Jianli has purchased our products from us, all the expenses relating to the transportation, insurance, inspection and customs declaration will be borne by Liuzhou Jianli and tax refund for exportation out of China will also be received by Liuzhou Jianli.

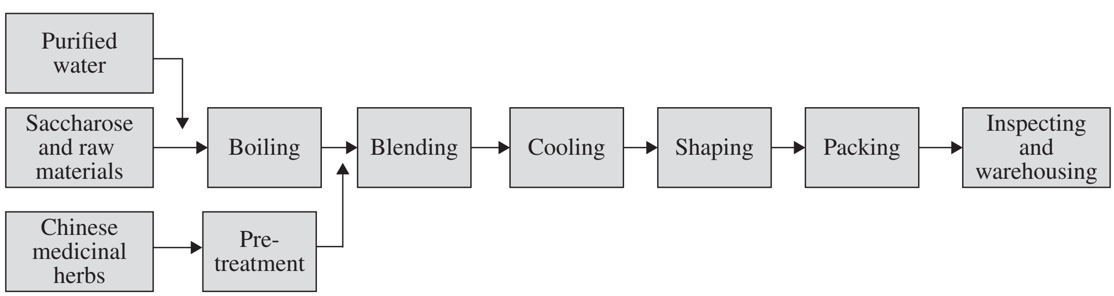
MANUFACTURING

We have obtained the necessary certification for the production of our products in all production lines, including pharmaceutical products and food products. The production processes used in the manufacture of our major products are set forth below. For details, please refer to the section headed "Business – Permits, Licences and Certifications" in this prospectus.

Manufacturing Processes

Manufacturing Process for Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products

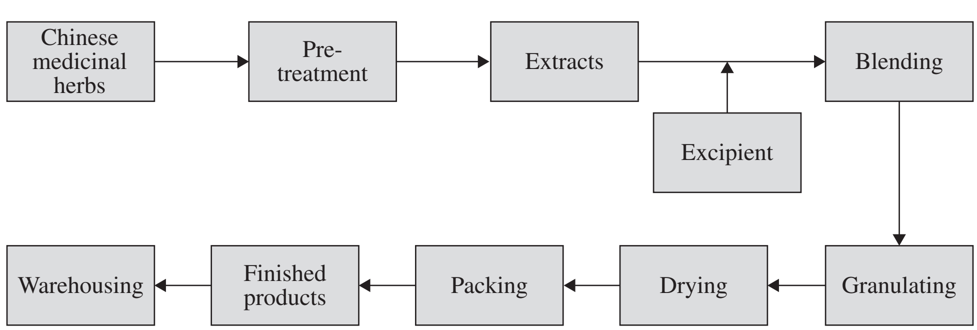
The following diagram summarises the manufacturing process for our key products, Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products.



It takes approximately 16 hours for the production line to manufacture 400 items of the finished products. The process of inspecting the finished products takes approximately seven days.

Manufacturing Process for Capsules and Granules

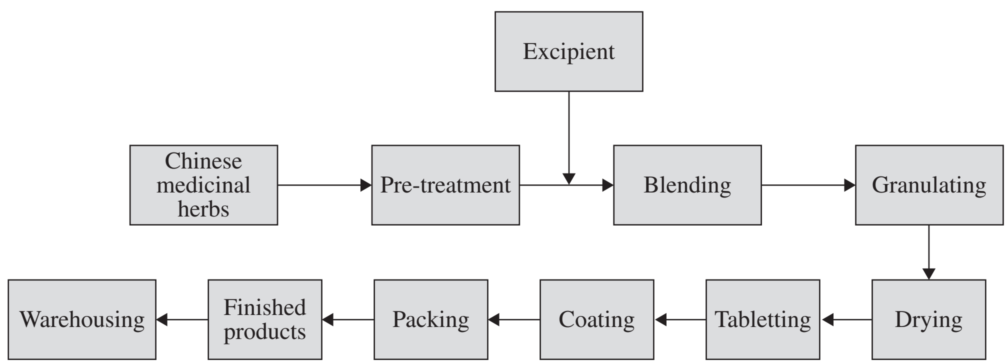
The following diagram summarises the manufacturing process for our pharmaceutical products in the form of capsules and granules. Our major products manufactured pursuant to the process below are Jinyin Sanqi Capsule and Fufang Baibu Zhike Granule.



The production time from filling raw materials to producing finished products and packaging takes approximately one day. The process of inspecting the finished products normally takes approximately five days.

Manufacturing Process for Tablets

The following diagram summarises the manufacturing process for our pharmaceutical products in the form of tablets. Our major product manufactured pursuant to the process below is Yinxingye Tablet.



Manufacturing Facilities

Our manufacturing activities are currently carried out at three facilities located in Guangxi Zhuang Autonomous Region.

As of 31 December 2014, our production facilities occupied an aggregate of approximately 72,685.7 square metres.

As of 31 December 2014, we operated a total of 15 production lines at our facilities, 11 of which manufactured pharmaceutical products, three of which manufactured food products and one of which manufactured medical apparatus. We own all of our manufacturing facilities and production lines.

During the Track Record Period, we had obtained GMP certifications for all our production lines that manufacture pharmaceutical products and manufacturing permits for all our products. We had also obtained QS certifications for all our food products. We conduct maintenance and repair work in compliance with GMP certification requirements and other applicable regulations on a regular basis. The following table sets forth the designed production capacity, actual production volume and utilisation rates of our manufacturing facilities for our key products during the periods indicated.

		Year Ended 31 December								
		2012			2013			2014		
Lozenges Manufacturing Facilities	Unit	Designed production capacity(1)	Actual production volume	Utilisation rate	Designed production capacity(1)	Actual production volume	Utilisation rate	Designed production capacity(1)	Actual production volume	Utilisation rate
(By Product)		(millions)	(millions)	(%)	(millions)	(millions)	(%)	(millions)	(millions)	(%)
Golden Throat Lozenges (OTC)	Boxes(5)	243.6	147.5	60.6	243.6(2)	99.5	40.8(3)	243.6(2)	125.6	51.6(3)
Golden Throat Lozenge Series Products	Boxes(5)	28.2	5.9	20.9(4)	28.2	7.3	25.9(4)	28.2	9.2	32.6(4)

Notes:

(1) *The designed production capacity for a production line is computed based on 235 effective production days a year and 16 hours per day for one production line at Liuzhou Facility #1 and eight hours per day for the other production line at Liuzhou Facility #1, Liuzhou Facility #2 and Laibin Facility, respectively.*

(2) *Upon the upgrade of the packaging for our key products, one production line in Laibin was suspended operation due to the unavailability of the corresponding new packaging facility, the designed production capacity of which is 81.2 million boxes.*

(3) *The low utilisation rate of our manufacturing facilities was primarily due to the constraints of our external packaging facilities as indicated by its high utilisation rate as set out in the table below.*

(4) *The low utilisation rate was primarily attributable to the fact that (i) the majority of our Golden Throat Lozenge Series Products were launched in 2013 and therefore were only in the growth period of their product life cycle; (ii) we were still in the process of developing, refining and expanding distribution channels for such products, which were different from those for our Golden Throat Lozenges (OTC); and (iii) the marketing efforts and expenses for such products at the initial stage were relatively low compared with those for our Golden Throat Lozenges (OTC) and we were in the process of increasing the market recognition of such products.*

(5) *Based on our experience, purchases by consumers are generally more sensitive to the attractiveness of our packaging configuration than to the number of lozenges contained in each box. For this reason, we have used one box instead of one lozenge as the measuring unit for management decisions.*

The following table sets forth the designed internal packaging capacity, actual internal packaging volume and utilisation rates of our internal packaging facilities for our key products during the periods indicated. Internal packaging refers to the packaging process where our products are put into the first layer of packaging materials (such as polyvinyl chloride and aluminium foil).

		Year Ended 31 December								
		2012			2013			2014		
Internal Packaging Facilities	Unit	Designed internal packaging capacity(1)	Actual internal packaging volume	Utilisation rate	Designed internal packaging capacity(1)	Actual internal packaging volume	Utilisation rate	Designed internal packaging capacity(1)	Actual internal packaging volume	Utilisation rate
(By Product)		(millions)	(millions)	(%)	(millions)	(millions)	(%)	(millions)	(millions)	(%)
Golden Throat Lozenges (OTC)	Boxes(6)	N/A(2)	147.5	N/A(2)	166.9	99.5(3)	56.4(4)	166.9	125.6	75.2
Golden Throat Lozenge Series Products	Boxes(6)	N/A	5.9	N/A	31.6	7.3	23.1(5)	31.6	9.2	29.1(5)

Notes:

(1) The designed internal packaging capacity for an internal packaging line is computed based on 235 effective internal packaging days a year and 16 hours per day for one internal packaging line at Liuzhou Facility #1 and eight hours per day for the other internal packaging line at Liuzhou Facility #1, Liuzhou Facility #2 and Laibin Facility, respectively.

(2) Prior to the upgrade of our packaging for our key products in 2013, we used manual packaging, and as a result, the data in 2012 was not applicable.

(3) This figure included 70.7 million boxes of our Golden Throat Lozenges (OTC) in the new packaging configuration.

(4) This figure was calculated based on the actual production volume of 70.7 million boxes of our Golden Throat Lozenges (OTC) in the new packaging configuration and the designed production capacity of the new internal packaging facilities for a duration of nine months in 2013. The low utilisation rate of our internal packaging facilities was primarily due to the constraints of our external packaging facilities as indicated by its high utilisation rate as set out in the table below.

(5) The low utilisation rate was primarily attributable to the fact that (i) the majority of our Golden Throat Lozenge Series Products were launched in 2013 and therefore were only in the growth period of their product life cycle; (ii) we were still in the process of developing, refining and expanding distribution channels for such products, which were different from those for our Golden Throat Lozenges (OTC); and (iii) the marketing efforts and expenses for such products at the initial stage were relatively low compared with those for our Golden Throat Lozenges (OTC) and we were in the process of increasing the market recognition of such products.

(6) Based on our experience, purchases by consumers are generally more sensitive to the attractiveness of our packaging configuration than to the number of lozenges contained in each box. For this reason, we have used one box instead of one lozenge as the measuring unit for management decisions.

The following table sets forth the designed external packaging capacity, actual external packaging volume and utilisation rates of our external packaging facilities for our key products during the periods indicated. External packaging refers to the packaging process whereby our products in the internal packaging materials (such as polyvinyl chloride and aluminium foil) are put into paper or tin boxes as finished products.

		Year Ended 31 December								
		2012			2013			2014		
External Packaging Facilities	Unit	Designed external packaging capacity(1)	Actual external packaging volume	Utilisation rate	Designed external packaging capacity(1)	Actual external packaging volume	Utilisation rate	Designed external packaging capacity(1)	Actual external packaging volume	Utilisation rate
(By Product)		(millions)	(millions)	(%)	(millions)	(millions)	(%)	(millions)	(millions)	(%)
Golden Throat Lozenges (OTC)	Boxes(2)	N/A(3)	N/A(3)	N/A(3)	126.3	99.5(5)	74.6(6)	126.3	125.6	99.4(9)
Golden Throat Lozenge Series Products	Boxes(2)	N/A(4)	N/A(4)	N/A(4)	18.0(7)	N/M(8)	N/M(8)	18.0(7)	4.2(10)	23.3(11)

Notes:

(1) *The designed external packaging capacity for an external packaging line is computed based on 235 effective external packaging days a year and 16 hours per day for Liuzhou Facility #1 and eight hours per day for Liuzhou Facility #2 and Laibin Facility, respectively.*

(2) *Based on our experience, purchases by consumers are generally more sensitive to the attractiveness of our packaging configuration than to the number of lozenges contained in each box. For this reason, we have used one box instead of one lozenge as the measuring unit for management decisions.*

(3) *Prior to the upgrade of our packaging for our key products in 2013, we used manual packaging (with the actual external packaging volume of 147.5 million boxes), and as a result, the data in 2012 was not applicable.*

(4) *Prior to the upgrade of our packaging for our key products in 2013, we used manual packaging (with the actual external packaging volume of 5.9 million boxes), and as a result, the data in 2012 was not applicable.*

(5) *This figure included 70.7 million boxes of our Golden Throat Lozenges (OTC) in the new packaging configuration.*

(6) *This figure was calculated based on the actual production volume of 70.7 million boxes of our Golden Throat Lozenges (OTC) in the new packaging configuration and the designed production capacity of the new external packaging facilities for a duration of nine months in 2013.*

(7) *The designed external packaging capacity only applies to Dule Lozenge (都樂含片) which are sold in paper boxes with the upgraded packaging configuration as the rest of Golden Throat Lozenge Series Products are sold in tin boxes packaged manually.*

(8) *The actual external packaging volume/utilisation rate was negligible due to the trial operation of the new external packaging line in 2013.*

(9) *The high utilisation rate of our external packaging facilities reflects a production constraint. We intend to address such production constraint by our facilities expansion and upgrade plan. See the section headed "Business – Future Expansion and Upgrade Plan" in this prospectus.*

(10) *This figure represented the actual external packaging volume of Dule Lozenges (都樂含片) which were sold in paper boxes with the upgraded packaging configuration. The rest of Golden Throat Lozenge Series Products (with the actual external packaging volume of 5.0 million boxes) were sold in tin boxes packaged manually.*

(11) *The low utilisation rate was primarily attributable to the fact that (i) the majority of our Golden Throat Lozenge Series Products were launched in 2013 and therefore were only in the growth period of their product life cycle; (ii) we were still in the process of developing, refining and expanding distribution channels for such products, which were different from those for our Golden Throat Lozenges (OTC); and (iii) the marketing efforts and expenses for such products at the initial stage were relatively low compared with those for our Golden Throat Lozenges (OTC) and we were in the process of increasing the market recognition of such products.*

The following table sets forth relevant key information of our manufacturing facilities.

	Corresponding Entity	Location	Acreage	Buildings	Number of Production Lines	Key Products
Liuzhou Facility #1 . .	Golden Throat Company	No. 28, Yuejin Road, Liuzhou, Guangxi Zhuang Autonomous Region	Approximately 22,000 square metres	Workshops, offices, a boiler room, a switch board room and a residential building	Four(1)	Golden Throat Lozenges (OTC) and Jinyin Sanqi Capsule
Liuzhou Facility #2 . .	Golden Throat Health Food	No. 28, Yuejin Road, Liuzhou, Guangxi Zhuang Autonomous Region	Approximately 11,000 square metres	Manufacturing workshops, offices and a residential building	Three(2)	Golden Throat Lozenge Series Products and Qianlie Shutie
Laibin Facility	Golden Throat Pharmaceutical	No. 71, Anshan Road, Xincheng County, Laibin, Guangxi Zhuang Autonomous Region	Approximately 39,685.7 square metres	Manufacturing workshops, offices, a boiler room, a switch board room, a warehouse and dormitories	Eight(3)	Golden Throat Lozenges (OTC), Yinxingye Tablet and Fufang Baibu Zhike Granule

Notes:

(1) *Two for Golden Throat Lozenges (OTC) and one for Jinyin Sanqi Capsule*

(2) *One for Golden Throat Lozenge Series Products and one for Qianlie Shutie*

(3) *Two for Golden Throat Lozenges (OTC), one for Yinxingye Tablet and one for Fufang Baibu Zhike Granule*

Subcontracting Agreement

As of 31 December 2014, we had entered into the Subcontracting Agreement with an Independent Third Party, Lingshan Yufeng, for manufacturing Golden Throat Lozenge Vegetable Beverages Series Products. Lingshan Yufeng is an enterprise established in China specialising in manufacturing and sale of beverages and food products. We have utilised Lingshan Yufeng as a subcontracting manufacturer since 1 August 2014. For more details about Golden Throat Lozenge Vegetable Beverages Series Products, please refer to the section headed "Business – Research and Development – Pipeline Products" in this prospectus.

Our selection of Lingshan Yufeng was based on its operating history, market reputation, track record, relevant expertise, internal quality control system, product quality, inspecting capability, state of technology used in the manufacturing process, production capacity, reliability in meeting delivery schedules, pricing and the competence of its management.

Under the Subcontracting Agreement, we are responsible for providing raw materials (including, amongst others, isomalt (異麥芽酮糖醇)) and packaging materials, and Lingshan Yufeng is responsible for manufacturing Golden Throat Lozenge Vegetable Beverages Series Products according to the relevant national standards and our requirements. We inspect samples of the raw materials processed by Lingshan Yufeng before they are used in the manufacture of our finished products. Inspection of our finished products is carried out by Lingshan Yufeng followed by a verification process carried out by us. We have the exclusive right to market and sell those Golden Throat Lozenge Vegetable Beverages Series Products manufactured by Lingshan Yufeng. We are the owners of the intellectual property rights to such products and are entitled to all economic benefits from selling such products. The subcontracting fees are calculated based on production volume and per unit fee. If Lingshan Yufeng carries out unauthorised manufacturing or sale of our products, or it cannot fulfill its obligations under the Subcontracting Agreement or breaches its confidentiality obligations thereunder, we have the contractual right to terminate the Subcontracting Agreement and claim for compensation.

Pursuant to applicable PRC laws and regulations, our appointment or renewal of appointment of subcontractors for our food products are not subject to annual approval by the relevant government authorities. However, we and our subcontractors must submit copies of our business licences and subcontracting agreements and, in the case of our subcontractors, their effective food manufacturing permits or other applicable approvals with the respective government authorities for record. In addition to the CFDA standards, Lingshan Yufeng is required to use the raw materials procured by us and comply with our quality standards. We supervise and inspect the manufacturing process while Lingshan Yufeng is required to fully cooperate with our investigation for any quality defects in the products they manufacture. Lingshan Yufeng is also required to provide us with all relevant permits and certificates. Based on the Subcontracting Agreement, Lingshan Yufeng is liable for losses or damages during the course of manufacturing caused by the performance or negligence of Lingshan Yufeng (including its agents and employees). The Subcontracting Agreement has a term of one year and will expire on 31 July 2015. Both parties intend to extend the Subcontracting Agreement on terms acceptable to us upon its expiry.

From the beginning of the Track Record Period to the Latest Practicable Date, we subcontracted approximately 150,000 cans of Golden Throat Lozenge Vegetable Beverages Series Products to be manufactured by Lingshan Yufeng. During the Track Record Period, a minor portion of our revenue was derived from the sale of the products that were manufactured by Lingshan Yufeng. We did not experience any product quality issues in respect of the products manufactured by Lingshan Yufeng on our behalf during the Track Record Period. We believe alternative subcontracting manufacturers meeting our quality standards at comparable prices are available.

FUTURE EXPANSION AND UPGRADE PLAN

We are in the process of acquiring a new plot of land in Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region for the purpose of constructing a new medicines production and research and development base. The completion of the land acquisition will be subject to the registration with the relevant authorities pursuant to the relevant PRC laws, which is expected to be completed by September 2015. Our PRC legal adviser has advised us that there should not be any legal impediment in completing the registration with the authorities. The size of the new production and research and development base is expected to be approximately 50,000 square metres with a total gross floor area of approximately 50,000 square metres. As part of the public tender, auction and listing-for-sale process for the acquisition of the new plot of land, we entered into a project investment agreement with the Administrative Committee of Luowei Industrial Concentration Area, Liuzhou (柳州市洛維工業集中區管理委員會) on 20 July 2012 (the "**Project Investment Agreement**"). Pursuant to the Project Investment Agreement, upon successfully winning the public tender, auction and listing-for-sale process, we would be committed to invest in aggregate more than RMB310 million in fixed assets within five years from the completion and commencement of production of the project, of which RMB120 million must be invested within the first two years. We are required to commence the construction of our new medicines production and research and development base within 90 days after the relevant land has been handed over to us. The earliest time by which we are required to invest the full committed amount of RMB310 million is currently estimated to be 2022. In the event that we fail to invest the requisite amount set out in the Project Investment Agreement within the requisite timeframe, the maximum penalty would be our acquisition cost for the new plot of land. Of the RMB310 million committed investment under the Project Investment Agreement, we intend to invest approximately RMB185 million from 2015 to 2018 which would be funded through a combination of operating income and the net proceeds from the Global Offering. We also intend to invest the remaining RMB125 million from 2019 on a further expansion of our new medicines production and research and development base by building new plants and procuring more equipment, which would be funded by our internal resources and bank borrowings or other forms of debt financing, if needed. If there is no need to further expand our new medicines production and research and development base by 2019, we are prepared to pay the relevant penalty imposed under the Project Investment Agreement. Based on a state-owned construction land use right assignment contract with Liuzhou Bureau of Land Resources in Guangxi Zhuang Autonomous Region, China (中華人民共和國廣西壯族自治區柳州市國土資源局) on 20 May 2015, the relevant acquisition cost for the new plot of land was RMB20.5 million which had been financed by our internal resources and fully settled. After the completion of the acquisition of the new plot of land, we might enter into a further contract with the Administrative Committee of Luowei Industrial Concentration Area, Liuzhou, the terms of which might be different from and will supersede those of the Project Investment Agreement.

In the event that we fail to complete the acquisition of the new plot of land in Luowei Industrial Concentration Area, Liuzhou, we believe that we could identify another plot of land suitable for acquisition and our expansion purposes timely. To the best of our knowledge and as of the Latest Practicable Date, some local governments in Liuzhou had approached us and expressed their interest in inviting us to construct a new medicines production base in their administrative areas. As a contingency plan in the event that the new plot of land in Liuzhou Industrial Concentration Area, Liuzhou, fails to be completed in a timely manner, we are prepared to revisit one of these alternative production bases. To the best of our knowledge and as of the Latest Practicable Date, one local government had already completed certain parts of the governmental approval procedures for the industrial use of the land for this alternative site. We currently expect the consideration for the land use right of the alternative plots of land to be similar to the new plot of land in Liuzhou Industrial Concentration Area, Liuzhou as these plots of land are governed by the same schedule for the minimum land use right price under PRC laws.

We plan to increase our production capacity by constructing the planned new production and research and development base for manufacturing our pharmaceutical products (mainly Golden Throat Lozenges (OTC)). We adopt a phase by phase approach in our expansion plan, primarily taking into consideration our acquisition of the land, and we continually re-evaluate our capital expenditure and the timing of our projects based on market demand for our products, the progress of the development of our pipeline products and technological developments that are relevant to our production processes. We expect to incur approximately

RMB185.0 million (of which, RMB20.5 million for the relevant acquisition cost for the new plot of land had been settled in May 2015) in connection with the construction of the new production and research and development base. If we can successfully complete the acquisition of the above land by the end of 2015, we expect to complete our expansion and upgrade plan in 2017. We believe that our leading position within the industry and strong brand recognition, coupled with efforts associated with market expansion and more focused advertising and promotion activities between 2015 and 2017 set out in the section headed "Future Plans and Use of Proceeds" in this prospectus, will allow the growth of our lozenge products to be in line with lozenge market growth in China, which justifies our proposed construction of the new production and research and development base.

Our sales volume of Golden Throat Lozenges (OTC) (in terms of both the number of boxes (amounting to 128.5 million, 120.6 million and 127.0 million boxes for the years ended 31 December 2012, 2013 and 2014, respectively) and lozenges (amounting to 2,570.0 million, 1,995.2 million and 1,524.0 million lozenges for the years ended 31 December 2012, 2013 and 2014, respectively) sold) was relatively low during 2013 and 2014 compared to that in 2012, which was primarily due to: (i) the extension of such product's storage life as a result of the individual wrapping of lozenges introduced in August 2013, whereas previously our lozenges were not individually wrapped and were exposed to moisture after opening, thereby resulting in a shorter storage life and wastage; (ii) a decrease in the number of lozenges per box from 20 in 2012 to 12 in 2013 and 2014 as a result of the new packaging configuration in August 2013; and (iii) the temporary unfamiliarity of consumers with the new packaging configuration when it was first introduced in 2013. We believe that consumers have become more familiar with our new packaging configuration over time with our increased marketing and promotion efforts. For the four months ended 30 April 2015, we sold approximately 47.5 million boxes of Golden Throat Lozenges (OTC), representing an approximately 12.6% increase over the same period in 2014.

The external packaging line used for our Golden Throat Lozenges (OTC) has reached almost full capacity (with a utilisation rate of 99.4% for the year ended 31 December 2014). We therefore believe that our sales volume cannot increase without a proper expansion of our external packaging capacity as described in the above expansion plan. As an interim measure prior to the completion of the above expansion plan, we intend to increase: (i) the number of shifts by workers per working day at the Laibin Facility, and (ii) the number of working hours per day and/or the number of working days per week at the Liuzhou Facility #1 to temporarily satisfy the increasing market demand for our product. We are of the view that these interim measures cannot be a satisfactory solution in the long term because (i) it would be unduly burdensome and impracticable for our employees to continuously work overtime at the Liuzhou Facility #1 and to relocate manpower from our headquarters to the Laibin Facility; and (ii) the measures would increase our labour cost (by up to 4% for each of the three years ending 31 December 2017 from what we would have incurred in the absence of these measures, based on our current estimates and certain necessary assumptions). As required under PRC laws and regulations, the increase in overtime work will result in higher incremental hourly wages which will adversely affect our overall profitability. Given that the above measures only apply to our employees involved in external packaging (currently representing approximately 28% of our total employees) and are intended to be in place for the next three years only, we do not expect the adverse impact on our overall profitability to be material.

In addition, the new medicines production and research and development base in Luowei Industrial Concentration Area, Liuzhou will also allow us to increase production of our other major pharmaceutical products such as Yinxingye Tablet, Jinyin Sanqi Capsule, as well as other pipeline pharmaceutical products should we identify suitable market opportunities. Furthermore, the relocation of our medicines productions and research and development base to Luowei Industrial Concentration Area, Liuzhou will effectively free up sufficient space to allow for our current headquarters to be converted into a food production plant and food research and development centre. The immediate expansion plan after the construction of a new medicines production and research and development base in Luowei Industrial Concentration Area, Liuzhou, for Golden Throat Lozenges (OTC) will involve the implementation of new internal packaging capacity as well as a new external packaging line with designed capacity of 72.2 million boxes per annum, which would address the uneven capacity currently existing between production, internal packaging and external packaging. After such expansion, we expect to have an annual capacity of manufacturing 198.5 million boxes of Golden Throat Lozenges (OTC), representing an increase of 57% of the current capacity.

We believe the following factors substantiate sufficient market demand for the expected increase in our production capacity for pharmaceutical products and food products after the expansion:

- the historical growth rate of the sales of our key products;
- the orders and the prepayment we have received up to the Latest Practicable Date;
- the potential growing market demand for throat remedies and lozenges in China which is estimated to reach RMB7,123.1 million and RMB5,462.0 million in 2019, respectively, according to the Euromonitor Report;
- the intended production of Golden Throat Lozenge Vegetable Beverages Series Products in our food production plant;
- sales of certain of our key products and, in particular, Golden Throat Lozenges (OTC), have been historically constrained by limitations on our production capacity; and
- our strategy to deepen our market penetration and expand our distribution network through efficient sales and marketing efforts.

We also believe the upgrades to our production facilities would increase the efficiency of our production processes, streamline our production and packaging facilities, equip us with new production technologies for our product candidates and allow us to continue to maintain an effective quality management system for our products. In particular, we expect that the upgrades to our production facilities could address the production constraint imposed by our external packaging facilities which have currently almost reached their full utilisation level. See the subsection headed "– Manufacturing – Manufacturing facilities" above. Furthermore, by implementing our expansion plan and with the enlarged working area, we would have sufficient space to accommodate extra external packaging facilities in order to be compatible with our manufacturing facilities and internal packaging facilities so that we could achieve similar utilisation levels across different production stages.

In addition, due to the fact that the current manufacturing plant layout at our headquarters was designed over two decades ago (which needs to be re-arranged) and our manufacturing equipment and facilities at our headquarters also need to be replaced or upgraded, we plan to convert our current headquarters at No.28, Yuejin Road, Liuzhou, Guangxi Zhuang Autonomous Region into a food production plant, as well as our food research and development centre for manufacturing our food products (mainly Golden Throat Lozenge Series Products), in order to enhance our food business and capture more customers and sales. We adopt a phase by phase approach in our conversion plan. We intend to complete the design and planning for the conversion by 2016 and commence the construction of a new headquarters building in 2017 with the procurement of additional equipment and facilities for the food production plant and food research and development centre. The conversion is expected to be completed by the end of 2018. Based on that (i) the historical growth rate of the sales of our food products; (ii) the orders and the prepayment we have received up to the Latest Practicable Date; and (iii) the expanded distribution network for our food products, we currently target a meaningful growth in sales volume of our food products (including, amongst others, Golden Throat Lozenge Series Products, Qingyan Tablet and Golden Throat Lozenge Vegetable Beverages Series Products) in the near term. Our sales volume of Golden Throat Lozenge Series Products reached approximately 2.5 million boxes for the four months ended 30 April 2015, representing an approximately 6% increase over the sales volume for the same period in 2014. Furthermore, Golden Throat Lozenge Series Products are in the growth period of their product life cycle given we are still in the process of developing, refining and expanding our distribution channels and we intend to increase our marketing efforts and expenses for such products. For Qingyan Tablet, we intend to utilise the same production and internal packaging lines as our Golden Throat Lozenge Series Products (sugar-free series), and the same external packaging line as Dule Lozenges (都樂含片), which would, as a result, take up certain capacity of the existing production, internal and external packaging lines for our Golden Throat Lozenge Series Products. The sales of Qingyan Tablet is expected to commence in the second half of 2015. Going forward, we intend to produce Golden Throat Lozenge Vegetable Beverages Series Products in our food production plant instead of through a subcontracting arrangement in order to be more cost efficient and to have more control over the manufacturing process, which would only be feasible if our current headquarters is converted into a food production plant to allow sufficient space for production facilities. Our expansion plan in respect of the production of Golden Throat Lozenge Vegetable Beverages Series Products was made after careful consideration, taking into account (i) the preliminary market feedback from our distributors since our trial launch of Yinhualu in September 2014; (ii) the expansion of our distribution network specifically for Golden Throat Lozenge Vegetable Beverages Series Products; (iii) the orders we have received up to the Latest Practicable Date; and (iv) our increasing marketing and promotion activities specifically targeted at Golden Throat Lozenge Vegetable Beverages Series Products. We expect to spend approximately RMB59.4 million from 2015 to 2017 on advertising and promotion activities in relation to our Golden Throat Lozenge Vegetable Beverages Series Products, of which RMB18.9 million will be from the net proceeds of the Global Offering.

The associated expected capital expenditure for the conversion of our current headquarters into a food production plant and food research and development centre amounts to RMB150 million as outlined in the section headed "Future Plans and Use of Proceeds" in this prospectus. Given the utilisation rate for the production line, internal packaging and external packaging lines of Golden Throat Lozenge Series Products amounted to 32.6%, 29.1% and 23.3%, respectively, for the year ended 31 December 2014, we believe there is sufficient production capacity for the production of Golden Throat Lozenge Series Products and Qingyan

Tablet in the near future. We will continue to assess and consider our strategies and business needs and procure additional production lines for Golden Throat Lozenge Series Products and/or Qingyan Tablet in the future. Given our plan to move towards self-production of Golden Throat Lozenge Vegetable Beverages Series Products and additional production and sales of both Golden Throat Lozenge Series Products and Qingyan Tablet, we believe there is sufficient strategic rationale and there will be sufficient business demand to justify our conversion of our current headquarters into a food production plant and food research and development centre. After such conversion, together with our intention to relocate the existing production and internal packaging lines of Golden Throat Lozenge Series Products and the existing external packaging line of Dule Lozenges to the new headquarters building, we expect to have an annual capacity of manufacturing 28.2 million boxes of Golden Throat Lozenge Series Products and Qingyan Tablet (amongst which, approximately 13.7 million boxes of Golden Throat Lozenge Series Products (sugar-free series) to be sold in tin boxes packaged manually and approximately 14.5 million boxes of Dule Lozenge (都樂含片) and Qingyan Tablet to be sold in paper boxes packaged by external packaging line) and 200 million cans of Golden Throat Lozenge Vegetable Beverages Series Products. Having considered our business plan and the minimum scale and economic benefits of the proposed production capacity, we believe that the proposed production capacity of 200 million cans of Golden Throat Lozenge Vegetable Beverages Series Products production line which would come on-stream in 2019 (representing approximately 3% of the sales of canned herbal tea drinks by the top two brands* in the market in 2014 estimated by Euromonitor, for illustrative purposes only) to be reasonable.

Upon the completion of such relocation during which all the production facilities will be moved to the medicines production and research and development base in Luowei Industrial Concentration Area, Liuzhou and the food production plant and food research and development centre in Liuzhou, our current site in Laibin will be used to establish a Chinese herbs processing base with an annual capacity of processing 585 tonnes of Chinese herbs by the end of 2017. The processing treatment of Chinese herbs refers to the pre-treatment step set out in the manufacturing process. For further details, please refer to the section headed "Business – Manufacturing – Manufacturing Processes" in this prospectus. The major steps of processing treatment include cleaning, filtering and extracting. As of the Latest Practicable Date, the major types of Chinese herbs processed by us comprised wild honeysuckle flower (山銀花), fructus momordicae (羅漢果) and banlangen (板藍根).

Our current headquarters has limited capacity to process Chinese herbs for the production of our lozenge and other pharmaceutical products. For the three years ended 31 December 2014, we internally processed approximately 296 tonnes, 214 tonnes and 243 tonnes of Chinese herbs, respectively, for the production of our products (apart from Yinxingye Tablet) and purchased approximately 245 tonnes, 135 tonnes and 184 tonnes of Chinese herbs (to be processed externally), respectively, for our production of Yinxingye Tablet. During the Track Record Period, our actual processing volume of Chinese herbs had already exceeded the internal maximum annual processing capacity (180 tonnes of Chinese herbs per year) which was made possible because we increased the number of shifts and working hours of our employees. In light of our expected growth of our lozenge and other pharmaceutical products as well as Golden Throat Lozenge Vegetable Beverages Series Products, having our own Chinese herbs processing base will allow us to (i) consolidate our current capacity to process

* The herbal tea beverages of these top two brands are also sold in paper packs and polyethylene terephthalate (PET) bottles

Chinese herbs, (ii) more effectively monitor and control the quality of our Chinese herbs raw materials, (iii) facilitate the production of Golden Throat Lozenge Vegetable Beverages Series Products, and (iv) continue to control our production costs effectively. In order to be cost efficient, we currently intend to process the Chinese herbs (apart from those for the production of Yinxingye Tablet) after the establishment of the Chinese herbs processing base and to continue to purchase processed Chinese herbs for the production of Yinxingye Tablet (as such herbs are sourced from further away and are more costly to be transported to our processing base). We further intend to process all the Chinese herbs (including the types we currently process and additional types as we may need in the future for the manufacturing of our products) by ourselves in the long run. We expect to incur approximately RMB30 million in connection with this project.

Production Facility	Estimated Capital Expenditure through 2018	Description
	RMB'000	
Luowei, Liuzhou, Guangxi Zhuang Autonomous Region	185,000	Building new facilities with capacity for manufacturing pharmaceutical products
Our current headquarters and GMP workshops	150,000	Conversion of our current headquarters into a food production plant and food research and development centre and upgrading current facilities
Laibin, Guangxi Zhuang Autonomous Region	30,000	Establishing a Chinese herbs processing base
Other	10,000	Refining and upgrading our electronic tracking code system

We currently expect that our expansion, conversion and upgrade plan will require further capital expenditure after 31 December 2014. In 2015, 2016, 2017 and 2018, our total estimated capital expenditure for the current expansion, conversion and upgrade plan is expected to amount to approximately RMB80 million (of which, RMB20.5 million for the relevant acquisition cost for the new plot of land had been settled in May 2015), RMB93 million, RMB137 million and RMB65 million, respectively. We expect to fund these capital expenditures through a combination of operating cash flows and the net proceeds from the Global Offering. In addition, we expect to apply RMB97.7 million, RMB145.3 million and RMB48.4 million of the net proceeds from the Global Offering in 2015, 2016 and 2017, respectively in market expansion and product development. Please refer to the section headed "Future Plans and Use of Proceeds – Use of Proceeds" in this prospectus for further details of our use of proceeds from the Global Offering in connection with capital expenditure projects to further expand and increase our production capabilities.

As of the Latest Practicable Date, we had not identified any other target for acquisition.

RAW MATERIALS PROCUREMENT

Our principal raw materials are Chinese herbs. Most of the Chinese herbs that are required for manufacturing our key products can be procured in Guangxi Zhuang Autonomous Region, where we are located. Benefiting from its unique geographic and weather conditions, Guangxi Zhuang Autonomous Region has abundant resources for Chinese herbal materials, and we therefore believe this region can provide sufficient and alternative supplies of quality Chinese herbs to us.

Our suppliers include suppliers of raw materials for our products and packaging materials. The following table sets forth a summary of the cost of major raw materials for our products during the Track Record Period.

	Year Ended 31 December					
	2012		2013		2014	
Major Raw Materials (including Packaging Materials)	Amount	Percentage of Total Cost of Sales	Amount	Percentage of Total Cost of Sales	Amount	Percentage of Total Cost of Sales
	RMB'000	%	RMB'000	%	RMB'000	%
Chinese herbs	30,144	14.3	16,969*	9.3	17,043	9.6
Sugar	17,346	8.3	11,234*	6.2	9,787$^{\Delta}$	5.5
Starch	11,717	5.6	6,543*	3.6	5,611$^{\Delta}$	3.2
Fuel	5,295	2.5	3,977*	2.2	2,827$^{\Delta}$	1.6
Packaging materials#	79,985	38.1	66,151	36.3	67,588	38.2

Notes:

* *Due to products upgrading, our manufacturing had been temporarily slowed down from May to July 2013. As a result, our costs of raw materials (except for the packaging materials) dropped significantly in 2013. For details, please refer to the section headed "Financial Information – Year to Year Comparison of Results of Operations" in this prospectus.*

Δ *Our costs of raw materials (except for Chinese herbs and packaging materials) in 2014 also dropped primarily due to lower volume of raw materials we had consumed as a result of our change of the packaging configuration of Golden Throat Lozenges (OTC) from 20 lozenges per box to 12 lozenges per box. For details, please refer to the section headed "Financial Information – Year to Year Comparison of Results of Operations" in this prospectus.*

\# *The key packaging materials include, amongst others, printed paper products and polyvinyl chloride.*

We have established relationships with an average duration of more than three years with most of our major suppliers. During the Track Record Period, none of the Directors, their respective close associates and any Shareholder who, to the knowledge of the Directors, own more than 5% of the issued share capital of the Company have any interest in any of our top five suppliers. We carefully select our suppliers based on various factors, including their product quality, stability, timeliness of delivery, market reputation, whether the supplier has all necessary licences, as well as an examination of their creditworthiness and track record. We have also implemented detailed procedure for raw materials procurement process. In particular, we inspect raw materials and also review the accompanying quality reports provided by our suppliers together with such raw materials. These quality reports usually contain various quantitative analysis, such as dust and moisture levels of the raw materials, depending on the nature of the respective raw materials. We also perform our own inspection of raw materials in accordance with quality requirements promulgated by the relevant government authorities for different raw materials. In addition to regular inspection of raw materials, we also conduct ad hoc on-site inspections to ensure the raw materials meet our quality requirements. During the Track Record Period, we did not experience any product recall or litigation in connection with product quality complaints.

Most of the raw materials required for the production of our products are readily available in the market through suppliers around us. As of 31 December 2014, we have 71 raw material suppliers. We believe we have sufficient alternative sources for our principal raw materials that can provide us with substitutes with comparable quality and prices. For all of our principal raw materials, we currently have more than one supplier. We have not experienced significant difficulties in maintaining reliable sources of supplies, and we expect to be able to maintain adequate sources of quality supplies in the future. We also believe that other alternative suppliers are easily accessible and convenient to replace.

Certain fluctuation of the prices of the major raw materials during the Track Record Period is primarily due to weather and harvest conditions and the market demand for the relevant raw materials in China during the relevant period. In addition, seasonality of the relevant raw materials is also one of the reasons for the price fluctuation. We have also taken active measures to control the increases in purchase costs and are able to partially pass on such cost increases to our distributors. For example, we normally enter into fixed-term purchasing contracts (apart from Chinese herbal materials, which are purchased on a batch-by-batch basis), and the prices for raw material purchasing are fixed during the term (one year for sugar and starch). Fluctuations in raw materials costs had not had a material impact on our results of operations or gross profit margins during the Track Record Period. We may also elect to enter into supply agreements with longer terms on a case-by-case basis when considered appropriate and advantageous to us.

Save for Chinese herbs for which we place orders by batches according to our manufacturing needs (and in some cases, with annual framework procurement agreements), we normally enter into legally binding supply agreements with our suppliers on an annual basis, which are renewable upon mutual agreement with price being determined at the time of each order. We believe one-year term agreements with raw material suppliers provide us with the flexibility to re-negotiate prices when there are fluctuations in our raw material prices. We had not experienced any difficulties in renewing our supply agreements during the Track Record Period. Major terms of the supply agreements include supply quantities, price, quality requirements, transportation, return policy, payment terms and indemnification for breach of agreement. The purchase price of our raw materials is primarily based on the prevailing market prices for raw materials of similar quality. During the Track Record Period, we were able to adjust the purchase prices of our raw materials during the term of the supply agreement when there was significant price fluctuation and partially pass on increases in purchase costs to our distributors. The supply agreements do not impose minimal annual procurement quantity requirements on us. Our raw material suppliers normally grant to us a credit period of 60 days. We are entitled to return the raw materials that fail to meet our quality standards to the suppliers. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any shortage or delay in delivery of raw materials by our suppliers that significantly affected our manufacturing operations.

For the years ended 31 December 2012, 2013 and 2014, our purchases from our five largest suppliers were RMB115.6 million, RMB54.8 million and RMB78.9 million, respectively, accounting for approximately 71.7%, 67.0% and 73.9% of our total purchases for the respective period. Of our top five suppliers for the year ended 31 December 2012, Shantou Fangda Innovative Technology Co., Ltd. (汕頭方大印刷包裝科技有限公司), Guangdong Nanhai Jinweida Colour Printing Co., Ltd. (廣東省南海市金威達彩印有限公司) and Guilin Huayi Colour Printing Co., Ltd. (桂林市華藝彩印有限責任公司) were packaging materials suppliers. Of our top five suppliers for the two years ended 31 December 2013 and 2014, Shantou Fangda Innovative Technology Co., Ltd., Guilin Huayi Colour Printing Co., Ltd. and Shenzhen Tianzhong Plastics Co., Ltd. (深圳天眾塑膠有限公司) were packaging materials suppliers. The cost of packaging materials purchased from such packaging materials suppliers accounted for approximately 36.8%, 33.9% and 36.0%, respectively, of our total cost of sales for the respective period. Our purchases from our largest supplier, Shantou Fangda Innovative Technology Co., Ltd., who supplies packaging materials for the manufacturing of our lozenge products, were, RMB42.1 million, RMB31.3 million and RMB36.0 million, accounting for approximately 26.1%, 38.3% and 33.7% of our total purchases for the respective period.

All of our raw materials are purchased in China, and most of the major suppliers are located in Guangxi Zhuang Autonomous Region, which is a base for the production of sugar and Chinese herbs. As a result, we have a geographical advantage in manufacturing our products. We have no overseas suppliers. As our purchases and revenues are denominated in RMB, we do not need to engage in hedging transactions in our ordinary course of business. We also intend to cultivate Chinese herbs by the establishment of a Chinese herbs processing base in order to ensure a stable supply and better quality control for our manufacturing. For further details, please refer to the section headed “Future Plans and Use of Proceeds – Use of Proceeds” in this prospectus.

We enter into legally binding procurement agreements with our suppliers of packaging materials on an annual basis. The suppliers will be responsible for delivering, at their own transportation expenses, the packaging materials to our warehouses. The detailed items and specifications of packaging materials and the corresponding prices will be agreed between us and the suppliers and will be listed in specific purchase orders.

RESEARCH AND DEVELOPMENT

Overview

Research and development is critical to the sustainable growth of our business. Our business has significantly benefited from our strong track record in research and development. Our research and development efforts focus on the following:

- *Product enhancement*. We seek to discover new curative effects and uses to enhance our existing products and enrich our product offering, in particular, health food.

- *Quality standard and production improvement*. We seek to increase the quality of our pharmaceutical, food and health food products by enhancing their quality standards and production through improving the existing production methods and techniques.

We undertake detailed market analysis through collecting information from public sources, analysing related intellectual properties and consulting with research institutions and academic bodies. Our research activities are conducted both in-house and through collaborations with external research institutions, such as hospitals, institute for drug research and other companies. External research institutions are mainly engaged to provide specific project related technical services, while the determination of research projects and the core technology for the commercialisation of a particular product remains with our in-house research and development team.

For the years ended 31 December 2012, 2013 and 2014, we had research and development-related expenses of approximately RMB4.6 million, RMB2.9 million and RMB2.8 million, respectively. We intend to incur an aggregate of approximately RMB65 million on research and development activities for the next three years, with approximately RMB13 million in 2015, RMB26 million in 2016 and RMB26 million in 2017, which are to be funded by our cash generated from approximately 9% of the net proceeds from the Global Offering. We intend to spend RMB20 million of the above RMB65 million on additional research and development technical development work on Golden Throat Lozenge Vegetable Beverages Series Products to conduct further in-depth analysis on the health benefits that these products bring. We will also conduct additional research and development projects on the development of new pharmaceutical and food products and medical apparatus. Please refer to the section headed "Future Plans and Use of Proceeds – Use of Proceeds" in this prospectus for more details.

In-house Research and Development

We conduct our research and development activities through our technology centre. Our technology centre is led by our technology department and consists of the Project Information Group, the Project Design and the Development Group, Project Process Equipment Group and the Project Product Verification Group. As of 31 December 2014, our talent pool (including those in our technology centre and other departments) had approximately 280 people. All of our research and development personnel hold junior college or higher degrees. As of 31 December 2014, 36 members of our research and development team had qualifications such as engineers or pharmacists, and most of them had substantial experience in the relevant areas. Our technology centre was recognised as a Guangxi Provincial-level Enterprise Technology Centre in September 2011. By adopting our self-designed automatic packaging machines in 2013, we successfully extended the shelf life of Golden Throat Lozenges (OTC) from two years to three years. In addition, we have increased the level of effective ingredients in Golden Throat Lozenges (OTC) in the new packaging configuration.

We adopt an innovative research and development management model, under which (i) members are not assigned to a specific research programme but are exposed to, and become active players in, all research programmes selected; and (ii) members are allocated into different project teams, each of which is responsible for a specific research and development project. We believe that this management model not only allows our research and development team to be actively involved in each of our research and development projects and enables the interaction among different groups, but also avoids the overlap of efforts. It also reduces the risk of any single member obtaining the technical know-how of the entire research and development project. Our technology centre was responsible for drafting two national standards from 2010 to 2012, namely Golden Throat Lozenges (OTC) and Jinyin Sanqi Capsule. Such two national standards have been promulgated by the CFDA. From 2010 to 2012, our technology centre was also independently responsible for two major research and development projects: (1) a technology innovation project for annual production of 6,500 tons of Golden Throat Lozenges (OTC), which was subsidised by the Ministry of Finance, to upgrade our manufacturing technology; and (2) a technology innovation project for industrialisation of Jinyin Sanqi Capsule, which was subsidised by the Committee of Industry and Information Technology and the Department of Finance of the Guangxi Zhuang Autonomous Region, to upgrade our manufacturing technology. In addition, our technology centre is also responsible for patent application of, and applying for relevant approval and registration of, new products.

Based on the success of our research and development work, our in-house research and development team has successfully developed Golden Throat Lozenge Series Products (sugar-free series), which were commercially launched in 2013 with all the requisite permits and approvals. These products have been well accepted by the market as a new product in addition to our key product, Golden Throat Lozenges (OTC). Our research and development work has also received a significant number of awards and certificates over the years, such as "High and New Technology Enterprise" by, amongst others, the Department of Science Development of Guangxi Zhuang Autonomous Region (廣西壯族自治區科學技術廳) in 2009. For details about the awards in relation to our research and development, please refer to the section headed "Business – Awards and Recognitions" in this prospectus.

Collaboration with External Institutions

We maintain collaborative relationships with external institutions to jointly develop new products. The external research institutions include hospitals, institutes for drug research and other companies.

The types of collaboration arrangements vary from specific technical services to consultancy. Based on project needs and our internal research capacity, we may from time to time engage external institutions to provide specific project related technical services. In addition, we consulted with a relevant external institution to obtain their evaluation and advice on products packaging process. We may also cooperate with the external institutions in developing new products.

We intend to continue our collaboration with external research institutions and believe these collaborations will enable us to gain valuable know-how and further strengthen our research and development capabilities.

Pipeline Products

We seek to develop new pharmaceutical products and food products addressing selected key medical and health needs, with the objective of contributing to the improvement of the public health and capturing market share in new markets, as well as enriching our product portfolio. Support from our research and development team is crucial in this regard. We do not expect the introduction of such new products to change our business model or subject us to a different regulatory environment, or to result in potential competition with our distributors and the Controlling Shareholders.

Products with Manufacturing Permits

Since 1994, we have successfully developed 26 new products for which we have obtained manufacturing permits, amongst which, eight are pharmaceutical products, 16 are food products, one is a health food product and one is medical apparatus product.

Golden Throat Lozenge Vegetable Beverages Series Products

We have introduced Yinhualu into the market on a trial basis in September 2014 and expect to officially launch Golden Throat Lozenge Vegetable Beverages Series Products (including the sugar-free series of Vegetable Beverage) in the second half of 2015. We currently expect to distribute Golden Throat Lozenge Vegetable Beverages Series Products through supermarkets and other retail channels.

Yinhualu

Yinhualu is a type of traditional Chinese vegetable drink. Yinhualu is made from our proprietary formula comprising of various Chinese herbs, including without limitation, boiled extract of honeysuckle (金銀花), fructus momordicae (羅漢果) and chrysanthemum (菊花) and concentrate of sugar cane juice and pear juice. Other materials include water, sugar, honey and isomaltulose (異麥芽酮糖).

Yinhualu was approved as a food product by Qinzhou Bureau of Food and Drug Administration (欽州市食品藥品監督管理局) through Lingshan Yufeng under the Approval Serial Number QS450006010336, which is valid until 28 September 2017. We currently target the average retail price for Yinhualu to be at least RMB5.5 and we target to achieve a gross profit margin of approximately 20%. The above targets are based on (i) the historical growth rate of our food products; (ii) preliminary market feedback from our distributors; and (iii) the potential growing market demand for RTD tea market in China which is estimated to reach RMB116,488.8 million by 2019 according to the Euromonitor Report. Since the trial launch in September 2014 and up to 30 April 2015, we had sold approximately 20,000 cans of Yinhualu to the market. This sales figure helps us assess the potential market demand for Golden Throat Lozenge Vegetable Beverages Series Products and plan our future distribution network.

Vegetable Beverage

Vegetable Beverage is a type of traditional Chinese vegetable drink. Vegetable Beverage is made from our proprietary formula comprising of various Chinese herbs, including, without limitation, boiled extract of honeysuckle (金銀花), fructus momordicae (羅漢果) and chrysanthemum (菊花), concentrate of sugar cane juice and pear juice, and isomaltulose (異麥芽酮糖). Vegetable Beverage contains similar ingredients with Yinhualu but with different proportions. We also developed a sugar-free series of Vegetable Beverage (the formula of which contain isomalt (異麥芽酮糖醇)) to cater to those customers that prefer sugar-free products.

Vegetable Beverage was approved as a food product by Qinzhou Bureau of Food and Drug Administration (欽州市食品藥品監督管理局) through Lingshan Yufeng under the Approval Serial Number QS450006010336, which is valid until 28 September 2017. We currently target the average retail price for Vegetable Beverage to be at least RMB5.5 and we target to achieve a gross profit margin of approximately 20%. The above targets are based on (i) the historical growth rate of our food products; (ii) preliminary market feedback from our distributors and a legally binding framework distribution co-operation agreement that we have entered into with one of our distributors up to the Latest Practicable Date; and (iii) the potential growing market demand for RTD tea market in China which is estimated to reach RMB116,488.8 million by 2019 according to the Euromonitor Report. Pursuant to the above framework distribution co-operation agreement, we engaged the distributor to be responsible for the sales of Vegetable Beverage in Guangdong, Hunan, Zhejiang and Jiangsu, and the distributor agreed not to sell Vegetable Beverage out of the specified regions. The distributor is required to sell Vegetable Beverage at agreed prices, and we will grant sales rebates to the distributor if the distributor can meet the agreed sales target. However there will not be any penalty if the distributor fails to do so. The term of the above framework distribution co-operation agreement is from 1 April 2015 to 31 December 2020. As of the Latest Practicable Date, the sale of Vegetable Beverage had not commenced yet.

Leveraging on our established brand name and distribution platform, we have developed our RTD herbal-based beverages with a combination of Chinese herbs (as the principal ingredient) and fruit juice (as a minor ingredient). We do not expect Golden Throat Lozenge Vegetable Beverages Series Products to make a material contribution to our revenue in the near future. For reference only, according to Euromonitor, the retail sales value of the RTD tea and herbal RTD tea markets in China amounted to RMB111,776.1 million and RMB48,735.5 million in 2014, respectively. In interpreting the above statistics, it should however be noted that due to their fruit juice content (of less than 2%), Golden Throat Lozenge Vegetable Beverages Series Products are not classified in the herbal RTD tea market (as a subset of RTD tea market) and, instead, form part of the broader general RTD tea market. For further details about the RTD tea market, please refer to the section headed "Industry Overview – Ready-to-drink ("RTD") Tea in China" in this prospectus.

We have engaged Lingshan Yufeng to produce Golden Throat Lozenge Vegetable Beverages Series Products in Lingshan County, Guangxi Zhuang Autonomous Region, and Lingshan Yufeng's manufacturing permit is valid until 28 September 2017. Pursuant to the Subcontracting Agreement, Lingshan Yufeng has been engaged to manufacture Golden Throat Lozenge Vegetable Beverages Series Products in accordance with the relevant national requirements and the standards of Q/QZB 005S – "Herbal Drinks". The Subcontracting Agreement is valid until 31 July 2015. Both parties intend to extend the Subcontracting Agreement on terms acceptable to us upon its expiry. For details, please refer to the section headed "Business – Manufacturing – Subcontracting Agreement" in this prospectus.

Qingyan Tablet

Qingyan Tablet is a type of health food designed to clear and moisten throat. Qingyan Tablet is made from our proprietary formula comprising of various Chinese herbs, including, without limitation, Chinese olive (青果), fructus momordicae (羅漢果), exocarpium citri rubrum (桔紅) and menthol (薄荷腦).

Qingyan Tablet was approved as a type of health food by the MOH in December 1999 under the Approval Serial Number Wei Shi Jian Zi (衛食健字) (1999) No. 0549. The approved health benefits are to clear and moisten throat. We have applied for the manufacturing permit and obtained the same in May 2015. We intend to produce Qingyan Tablet at our facility in Liuzhou by using the same production line as our Golden Throat Lozenge Series Products.

We currently expect to launch Qingyan Tablet in the second half of 2015 through pharmacies and supermarkets. We target the average retail price for Qingyan Tablet to be at least RMB11.8 and we target to achieve a gross profit margin of approximately 65%. The above targets are based on (i) the historical growth rate of our lozenge products; (ii) the orders contemplated under the legally binding framework distribution co-operation agreements that we have entered into with three of our distributors up to the Latest Practicable Date; and (iii) the potential growing market demand for medicated confectionary in China which is estimated to reach RMB2,646.8 million in 2019 according to the Euromonitor Report. Pursuant to the above framework distribution co-operation agreements, we appointed the relevant distributors as sole distributors of Qingyan Tablet in respective specified regions, and the distributors agreed not to distribute other products that may compete with Qingyan Tablet in such respective specified regions. The distributors are required to follow our instructions in relation to retail prices, brand image, product promotion and selling regions. We will grant sales rebates to the distributors if the distributors can meet the agreed sales targets, but there will not be any penalty if the distributors fail to do so. The term of the two of the above framework distribution co-operation agreements is from 1 January 2015 to 31 December 2015 and the other one is from 1 April 2015 to 31 March 2016, all of which can be renewed upon mutual agreement.

Products Under Development

Lengyinzi (冷飲子)

Lengyinzi is a type of traditional Chinese herbal drink.

We have commenced pre-clinical research for Lengyinzi. We plan to submit application for approval for Lengyinzi as a type of food and to obtain QS certificate and other approvals and permits for the sale of Lengyinzi before the end of 2016.

Please refer to the section headed "Risk Factors – Risks Relating to the Company – Any failure to develop and introduce new products or gain market acceptance of our new products could have a negative effect on our business" in this prospectus for further details of the risk of any delay or failure to develop and introduce new products.

The Company will consider, when suitable opportunity arises, to enter into strategic alliance to further expand the market in the future.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had been granted 42 patents in China and two patents overseas. We also had 223 registered trademarks, 10 registered domain names and 16 registered copyrights in China and 220 registered trademarks overseas. We are committed to increasing and enforcing our trademark rights, which are crucial to overall branding strategy and reputation. Please refer to the section headed "Appendix IV – Statutory and General Information – B. Further Information about Our Business – 2. Intellectual Property Rights of the Group" to this prospectus for further details of our intellectual property rights.

According to the M&A Regulation and as advised by our PRC legal adviser, if foreign investors acquire a domestic enterprise and obtain the actual control over such enterprise, and if such acquisition results in a transfer of actual control over the domestic enterprise which possesses a well-known trademark, the parties to the acquisition shall apply to the MOFCOM for approval. Golden Throat Investment, as a foreign investment company, has consulted with the Department of Commerce of Guangxi Zhuang Autonomous Region (廣西壯族自治區商務廳) concerning the equity acquisition of Golden Throat Company in relation to the onshore portion of the Reorganisation. Following the consultation with the Department of Commerce of Guangxi Zhuang Autonomous Region and considering the fact that the Well-known Trademark is only used in our Golden Throat Lozenge Series Products, in preparation for the Reorganisation, Golden Throat Company filed a transfer application relating to the transfer of the Well-known Trademark and other related trademarks in food category as required by applicable laws and regulations to Peizhen Investment, a company controlled by Ms. JIANG Peizhen, with the Trademark Office of the SAIC on 12 August 2014. In accordance with a transfer announcement dated 27 January 2015 issued by the Trademark Office of the SAIC, the Well-known Trademark was acknowledged to be transferred to Peizhen Investment. As a result, Golden Throat Company is no longer in possession of the Well-known Trademark and the equity acquisition of Golden Throat Company by Golden Throat Investment has not resulted in a transfer of actual control over a domestic enterprise which possesses a well-known trademark. As advised by our PRC legal adviser, the above requirement of application with MOFCOM under the M&A Regulation is therefore not applicable to the equity acquisition of Golden Throat Company by Golden Throat Investment. Our PRC legal adviser has advised us that the Well-known Trademark transfer was made in compliance with all applicable laws and regulations. We have entered into a trademarks licensing agreement with Peizhen Investment in connection with the licensing of the Well-known Trademark and other related trademarks. For further details about the trademarks licensing agreement, please refer to the section headed "Connected Transactions – Continuing Connected Transactions – Exempt Continuing Connected Transactions" in this prospectus. We believe that the proposed exclusion of the Well-known Trademark has not had and will not have any material impact on the operations and financial positions of the Group.

According to the PRC Trademark Law and as advised by our PRC legal adviser, marks that only cover the generic names of general goods cannot be registered as trademarks. As "lozenges (喉片)" is a generic name of a kind of goods, no one can enjoy and exercise the exclusive right to use "lozenges (喉片)" in China. Accordingly, Golden Throat Company has registered "Golden Throat (金嗓子)" as a trademark in the related class of goods for protection purposes, and as a result, "lozenges (喉片)" as a generic name can be legally combined to be used in Golden Throat Lozenges (OTC). According to the PRC Trademark Law, where a trademark to be applied for registration only covers the general goods, or is identical with or similar to the trademark of another person that has, in respect of the same or similar goods, been registered or preliminarily approved, the Trademark Office of the SAIC shall refuse the application without announcement. "Golden Throat (金嗓子)" in the related goods and services of Golden Throat Lozenges (OTC) has been registered as trademarks by Golden Throat Company. As advised by our PRC legal adviser, any third party who applied to register "Golden Throat (金嗓子)" or "Golden Throat Lozenges (金嗓子喉片)" in respect of the same or similar goods and services of Golden Throat Lozenges (OTC) would likely to be refused by the Trademark Office of the SAIC. In light of the above and as advised by our PRC legal adviser, we believe that Golden Throat Lozenges (OTC) is sufficiently protected from a trademark perspective.

We rely on intellectual property rights to protect our technologies, inventions and improvements that we believe are important to maintain the market share of our products. A substantial portion of our products have intellectual property rights relating principally to their compositions, preparation methods, production processes and industrial designs. Our patent-protected products sold during the Track Record Period included our lozenges and other key products.

In order to protect our own intellectual property rights, we enter into confidentiality agreements with our research employees that provide that all relevant intellectual properties developed by our research staff during their employment with us become our intellectual properties and are treated as trade secrets. Our employees are required to refrain from disclosing trade secrets to any third party. Additionally, we also follow procedures to ensure that we do not infringe on the intellectual property rights of others and that we are not engaged in the sale of counterfeit products.

During the Track Record Period and as of the Latest Practicable Date, we had not been sued on the basis of and have not undergone arbitration in respect of, nor have we received any notification from third parties claiming infringement of any intellectual property or sales of counterfeit products.

Further, during the Track Record Period and as of the Latest Practicable Date, we had not been the subject of any adverse finding in an investigation or audit by any governmental authorities in respect of infringement of any intellectual property of third parties or sales of counterfeit pharmaceutical products. However, despite our internal control procedures, we are still subject to risks relating to intellectual property rights. Please refer to the section headed "Risk Factors – Risks Relating to the Company – Third parties may infringe upon our intellectual property rights, or we may be subject to claims of alleged infringement on the intellectual property rights of others" in this prospectus for further details of risks relating to intellectual property rights.

QUALITY CONTROL

We believe that an effective quality management system is critical to ensuring the quality of our products and maintaining our reputation and success. We seek to ensure that our products consistently meet the highest industry standards and requirements. We maintain a highly stringent quality control system and devote significant attention to quality control for our pharmaceutical and food products. Our quality control system aims to fully implement the procedures for periodic quality control audit, quality risk management and error correction and prevention. Our senior management is also actively involved in setting quality policies and improving quality control standards. We have been granted ISO22000:2005 and CNCA/CTS 0014-2008 certificates for our quality management system.

Our quality inspection department consists of a quality inspection division (led by one quality manager), managing and supervising a central laboratory (led by one quality manager) and a workshop laboratory. As of the Latest Practicable Date:

- our quality inspection division had five employees, most of whom have pharmaceutical or related educational backgrounds and extensive experience in quality control in the PRC pharmaceutical industry. The quality inspection division is responsible for formulating and implementing procedures under our quality management system in accordance with the GMP requirements and ensuring that our product supply chain and production processes are in compliance with stipulated standards and procedures.

- our central laboratory had 18 employees, most of whom have pharmaceutical or related educational backgrounds. The central laboratory is responsible for the inspection of incoming active pharmaceutical ingredients and raw materials and final products, as well as reviewing the stability of samples.

- our workshop laboratory had six employees, most of whom have pharmaceutical or related educational backgrounds. The workshop laboratory is responsible for the inspection of semi-finished products. Each of our production facilities has an integrated quality management team independent from the production team led by the general managers of the facility. We also conduct regular training so that our dedicated quality managers understand the regulatory requirements applicable to our operation of the production facilities. New employees at our production facilities receive training pertinent to their job duties, which covers topics such as pharmaceutical regulations, production safety knowledge and requirements under GMP certification, as well as procedures and protocols relating to quality control.

In order to satisfy requirements under GMP Certification and other applicable standards and procedures, we undertake quality inspections at different stages of our production process, from the procurement of raw materials to delivery of our products to our distributors. The quality control measures adopted in the major steps of our operation process from the selection of suppliers of raw materials to delivery of products to our distributors are briefly set out as follows:

- *Sourcing of raw materials* – our suppliers of raw materials, supplemental materials and packaging materials are carefully selected by reference to criteria including product quality, stability, timeliness of delivery, market reputation, whether the supplier has all necessary licences, creditworthiness and track record. We set strict guidelines and quality requirements for suppliers of key raw materials with the aim of ensuring curative effectiveness and product safety, and we also conduct site visits of our suppliers;

- *Testing of raw materials and packaging materials upon arrival at the Group's production premises* – all raw materials (in particular Chinese medicine raw materials) are tested to ensure that the quantity and quality of the raw materials meet our specifications, including having correct labelling and packaging. Only materials complying with our specifications are accepted into our warehouse. The packaging materials used by us are subject to quality controls on a sampling basis on arrival at our production facilities. We have also established detailed quality control process covering the proper storage and transportation of our raw materials, semi-finished and finished products;

- *Testing of semi-finished and finished products during the production process* – semi-finished products are sample tested after each stage of the production process to ensure compliance with legal requirements and our quality standards. Only those products which pass the quality testing process progress to the next stage of production;

- *Sampling and testing of finished products* – each batch of completed products is subject to quality checks on a sample basis to ensure finished products meet the required standards before storage in the Group's warehousing facilities. We have also set out stringent requirements for the warehousing facilities with respect to our over-the-counter medicines products; and

- *Sales and distribution* – each batch of products is labelled by serial number to ensure accurate tracking of products sold. Our products are sold with detailed instructions on their functions, specifications and methods of application and labelled with their ingredients, as well as production and expiry dates. Our sales staff make regular visits to our distributors to collect customer feedback on product quality. In addition, our distributors are required to obtain and maintain GSP certificates and Food Circulation Permit for their business operations.

Our quality inspection department and sales department receive feedback from our distributors and end-users and handle any complaints with regard to the quality of our products. Quality complaints, both verbal and written, are documented and investigated pursuant to standard procedures. We have dedicated personnel who take complaint calls and other enquiries and regularly review and analyse the feedback received. We treat such feedback and complaints seriously. Our internal policy requires that all complaints be reported and resolved promptly. We will communicate with our customers through mails, telephones, facsimile or emails for normal complaints and inquiries. Complaints in relation to significant quality issues must be reported to the relevant responsible person in a timely manner. Dedicated personnel will then be dispatched to look into the complaints and propose suggestions to handle the complaints, which will be approved by the relevant responsible person. During the Track Record Period, we had not incurred any material costs in relation to these complaints. We have established product recall procedures and prescribed recall guidelines and processes. As of the Latest Practicable Date, we had not recalled any of our products due to quality problems.

As a result, we had not experienced any material safety problems concerning our products as reported by our customers or relevant government authorities or any material product liability or legal claims due to the quality of our pharmaceutical products, and we had not been subject to any adverse findings in any investigation or audit by any government authority during the Track Record Period. The Directors believe that this is primarily attributable to our stringent quality control procedures.

Inventory Management

Our inventory primarily consists of finished products and production materials, including raw materials, active pharmaceutical ingredients and other packaging materials. We have established an inventory management system that monitors each stage of the warehousing process. Warehousing personnel are responsible for the inspection upon receipt of goods, warehousing, storage and distribution of production materials and finished products. We normally seek to maintain an one- to six-month supply of raw materials and an one- to two-month supply of finished products in inventory for unexpected orders. All materials and products are stored in different areas in our warehouses according to their storage condition requirements, properties, usage and batch number. Warehousing personnel regularly check to ensure consistency among the raw material or product, logbook and material card. Our target raw material inventory level depends on the particular raw material. We increased our target inventory level in order to prevent shortages of raw materials as our production volumes increase. We make provision for obsolete and slow-moving inventories on a case-by-case basis in accordance with HKFRS. As of 31 December 2012, 2013 and 2014, we made provision for impairment loss of our inventories in the amount of RMB1.4 million, RMB2.5 million and RMB2.1 million, respectively.

COMPETITION

Pharmaceutical Products

According to the Euromonitor Report, we are the leading manufacturer of lozenges in China in terms of retail sales value. In 2014, our Golden Throat Lozenges (OTC), together with Golden Throat Lozenge Series Products, accounted for approximately 25.8% of the lozenge market in China according to the Euromonitor Report. In the same year, the second largest product in the lozenge market accounted for approximately 17.1% of the lozenge market share in China according to the Euromonitor Report. Please refer to the section headed "Business – Our Strengths" in this prospectus for further details.

Our lozenge and related pharmaceutical products compete with a number of similar products manufactured and marketed by large specialty pharmaceutical companies and generic manufactures in China. We compete primarily on the basis of brand recognition, product efficacy, safety, reliability, availability, price and service.

The following table sets forth the details of our major competitors for the year ended 31 December 2014 in the lozenge market.

Category	Product Names	Manufacturers	Market Share % (2014)
Lozenge Products	Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products	The Company	25.8
	Halls	Cadbury (China) Food Co	17.1
	Watermelon Frost Lozenge, Other Watermelon Frost products such as Qingyan Hanpian, Hou Kou Bao, etc	Guilin Sanjin Pharmaceutical Co. Ltd.	11.8
	Jiangzhong Cao Shan Hu, Liang Sang	Jiangzhong Pharmaceutical Co. Ltd.	8.4
	Hua Su Pian	Wellso Pharmaceutical Holding Co Ltd	4.8
	Others		32.1
	Total		100.0

The pharmaceutical industry is characterised by rapid product development and technological change. As of the Latest Practicable Date, we had 58 pharmaceutical products with manufacturing permits. Such pharmaceutical products could be rendered obsolete or made uneconomical by the development of new pharmaceutical products to treat the conditions addressed by our pharmaceutical products, technological advances affecting the cost of production or marketing or pricing actions by one or more of our competitors. Our competitors may also be able to obtain regulatory approval for new products more quickly than we are and, therefore, may begin to market their products in advance of our products. We believe that competition among pharmaceutical products in China will continue to be based on, amongst others, brand name recognition, product efficacy, safety, reliability, availability, promotional activities and price.

With these factors in mind, we believe that we are capable of adapting to changing market demand for lozenge and other pharmaceutical products. We have been manufacturing our pharmaceutical products in accordance with national GMP standards and follow our stringent quality control procedures to achieve high-quality. We conduct advanced pharmaceutical research and development to both improve our existing products and introduce new products. Finally, our sales and marketing teams work with pharmaceutical distributors nationwide. Leveraging on the economies of scale in our production facilities, our emphasis on product quality and safety, our deep knowledge of traditional Chinese medicine culture, the Group's research and development capability and our relationships with the external research institutions, the reputation of the "Golden Throat (金嗓子)" brand, customer service and our well-established distribution network, we believe that we are well positioned in the presence of market competition.

AWARDS AND RECOGNITIONS

As a result of the quality and strong reputation of our products, our creditworthiness and our contribution to the community, we have been given the following awards, authentication and recognition:

Award	Year of Receipt	Issuer of Award
Second Prize Winner As Outstanding Demonstration Enterprise 星火示範企業二等獎	1990	The Commission of Science Development of Guangxi Zhuang Autonomous Region (廣西壯族自治區科學技術委員會)
National Level New Product Prize 國家級新產品獎	1995	The Commission of Science Development of the PRC (中華人民共和國國家科學發展委員會), the predecessor of the Ministry of Science and Technology
Enterprise with Outstanding Technology in Guangxi 廣西優秀科技型企業	1997	The Government of Guangxi Zhuang Autonomous Region (廣西壯族自治區人民政府)
Excellent Enterprise in Food Industry of China 中國食品工業優秀企業	1999	China National Food Industry Association (中國食品工業協會)

Award	Year of Receipt	Issuer of Award
Enterprise with Excellence in Quality and Profit in Guangxi 廣西質量效益型先進企業	2003	Guangxi Association for Quality (廣西質量協會)
Enterprise with Care and Support for Female Career 關心支持婦女事業愛心企業	2004	All-China Women's Federation (中華全國婦女聯合會)
Well-known Trademark of China 中國馳名商標	2005	The Trademark Office of the SAIC (中華人民共和國國家工商行政管理總局商標局)
High-quality and Trustworthy Brand with Recognition by Customers 消費者認可的優質信譽品牌	2007	China Consumer Association (中國消費者協會)
Enterprise with Advanced Profit in Light Industry 輕工業卓越績效先進企業	2007	Guangxi Association for Quality (廣西質量協會)
China Corporate of Outstanding Integrity 中國優秀誠信企業	2008	The China Enterprise Confederation and the China Enterprise Directors Association (中國企業聯合會、中國企業家協會)
Guangxi Famous Product 廣西名牌產品	2008	Guangxi Bureau of Quality and Technical Supervision (廣西壯族自治區質量技術監督局)
High and New Technology Enterprise 高新技術企業	2009	The Department of Science Development of Guangxi Zhuang Autonomous Region, the Department of Fiance of Guangxi Zhuang Autonomous Region, the State Tax Bureau of Guangxi Zhuang Autonomous Region and the Local Tax Bureau of Guangxi Zhuang Autonomous Region (廣西壯族自治區科學技術廳、廣西壯族自治區財政廳、廣西壯族自治區國家税務局及廣西壯族自治區地方税務局)
Guangxi Famous Trademark 廣西著名商標	2009	Administration for Industry and Commerce of Guangxi Zhuang Autonomous Region (廣西壯族自治區工商行政管理局)
Famous Product Prize in Guangxi 廣西名牌產品獎	2009	The Committee of Guangxi Brands Strategic Advancement and Guangxi Bureau of Quality and Technical Supervision (廣西名牌戰略推進委員會、廣西壯族自治區質量技術監督局)
CCTV China Annual Brand 中央電視台中國年度品牌	2010	CCTV (中國中央電視台)
Top 60 Influential Brands of Guangxi Since 1949 建國以來廣西60最具影響力品牌	2010	Association of Enterprises and Entrepreneurs and Federation of Industrial Economies (廣西企業與企業家聯合會、廣西工業經濟聯合會)
China Leading Brand in Pharmaceutical Industry 中國醫藥行業領軍品牌	2010	China United Business News, Brand Magazine, China Academy of Management Science, etc. (中國聯合商報社、品牌雜誌社、中國管理科學研究院等)
Brand China – Huapu Award 品牌中國 – 華譜獎	2011	Brand China Industry Union (品牌中國產業聯盟) and China Chamber of International Commerce (中國國際商會)
CCTV China Annual Brand 中央電視台中國年度品牌	2012	CCTV (中國中央電視台)

OCCUPATIONAL HEALTH AND SAFETY

The PRC government imposes a number of regulatory requirements on pharmaceutical companies with regard to employee safety. Please refer to the section headed "Regulatory Overview – Occupational Health and Safety" in this prospectus for a discussion of these requirements. We regard occupational health and safety as one of our important social responsibilities, and we have implemented occupational health and safety measures at our production facilities to ensure compliance with applicable regulatory requirements, including the establishment of an overall system and streamlined procedures for safe production, providing training and education for staff and workers in the area of safe production, and instituting an internal responsibility system for the implementation of safe production measures. We conduct regular fire and machine safety checks at our production facilities and ensure that all employees have the necessary safety and protective gear. In particular, each of our operating business entities has established its safety and environmental protection department to oversee the implementation of the occupational health and safety measures of that entity. These safety and environmental protection departments conduct periodic inspections of operating facilities to ensure that our products are in compliance with existing laws, rules and regulations. We believe that safety practices are the only means to ensure employee safety, and our safety function conducts regular safety training sessions for employees.

As advised by our PRC legal adviser, during the Track Record Period, we had obtained all material environmental protection permits and production safety facilities necessary to conduct our business and had been in compliance with applicable environmental and work safety laws and regulations in all material aspects. During the Track Record Period, no administrative sanctions or penalties that had a material and adverse effect on our financial condition or business operations had been imposed upon us for the violation of environmental protection or safety laws or regulations. We had not been subject to any material claim or penalty in relation to occupational health and safety and had not been involved in any accident or fatality on our premises or at any of our production facilities during the Track Record Period.

The Directors are of the view that the annual cost of compliance with applicable laws, regulations and policies was not material during the Track Record Period, and the cost of such compliance is not expected to be material going forward.

INFORMATION TECHNOLOGY

We believe that information platforms are important in improving our efficiency in customer service, supply chain management, quality and inventory control and logistics and sales. We maintain a computerised information system that integrates the functions of stock replenishment, inventory distribution and sales.

Pharmaceutical Products

Since March 2013, we have adopted an electronic tracking code system for our Golden Throat Lozenges (OTC) and certain of our pharmaceutical products. Under the electronic tracking code system, every box of our Golden Throat Lozenges (OTC) is affixed with an Electronic Supervision Code of PRC Medicines (中國藥品電子監管碼), which is a 20-digit bar code. The authenticity of the product can be verified through telephone, short text message and website by inputting the bar code.

The tracking system covers all of distributors across China and allows us to monitor our pharmaceutical products sold by our distributors in each region of China in terms of their price and the distributor through which they are sold.

Food Products

In addition, we have developed an electronic tracking code system for our food products by taking reference of the Electronic Supervision Code of PRC Medicines. The working mechanism of our self-developed electronic tracking code of food products is the same as that of the Electronic Supervision Code of PRC Medicines, except that we will not submit the self-developed electronic tracking code of food products to the State's supervision platform. Instead, we will track and monitor our food products by ourselves.

By adopting the electronic tracking code systems, our distributors are now able to verify the authenticity of our pharmaceutical products and food products which are sold with our trademarks in a more convenient and reliable manner. We believe the electronic tracking code systems can be a very effective measure against counterfeit products in the market imitating our products.

In addition to the function of tracking down counterfeit products, the electronic tracking code systems also enable a more accurate monitoring and supervision of the entire process of our pharmaceutical and food products, from manufacturing, warehousing, distribution and transportation to sale to the end consumers. With the electronic tracking code systems, we are also able to make business decisions on a more informed and timely basis.

We believe our information platforms enable us to administer and operate our fast-growing, nationwide distribution network and allow us to gather information on customer purchases, monitor customer preferences, make timely assessments regarding market trends and quickly make changes in response to market conditions. We believe that further enhancement of our information platforms will be essential to meet our further expansion and needs. For further details, please refer to the section headed "Future Plans and Use of Proceeds – Use of Proceeds" in this prospectus.

ENVIRONMENTAL MATTERS

Our operations and facilities are subject to environmental laws and regulations stipulated by the national, provincial and the local environmental protection bureau in China. The relevant laws and regulations applicable to pharmaceutical production in China include provisions governing air emissions, water discharge, prevention and treatment of sewage and exhaust fumes and the management and disposal of hazardous substances and waste. Manufacturers are also required to conduct an environmental impact assessment before engaging in new construction projects to ensure that the production processes meet the required environmental standards to treat wastes before the wastes are discharged. For further information on the environmental laws, rules and regulations governing our operations, please refer to the section headed "Regulatory Overview – Environmental Protection" in this prospectus.

Given the nature of our business, we generate solid waste, waste water, waste gas and noise during our production process. We implemented a comprehensive set of environmental protection measures to treat emissions generated during our production process to minimise impact on the environment and to prevent industrial pollution. These measures include the following:

- *Solid waste*. The solid waste generated during our production process mainly includes activated carbon, aluminium-plastics and domestic garbage. Our safety and environment department (with proper environmental protection qualification) is responsible for the proper treatment (such as landfill) in order to remove the solid waste generated during the production process.

- *Waste water*. We have a set of waste water treatment systems within the manufacturing facilities. The key steps of sanitising waste water include: adjusting, oxidation, precipitation and filtration. After such processing steps, the discharged waste water can meet first class national sewage discharge standards.

- *Waste gas*. The waste gas emitted from our fuel oil boiler is generated strictly within the permitted level promulgated by the local environmental protection bureau.

- *Noise*. The level of noise in our manufacturing facilities is strictly controlled with noise reduction facilities to be compliant with the applicable mandatory standards.

We have two dedicated staff members responsible for environmental protection measures, who have extensive experience in the manufacture of pharmaceutical and food products in China and are familiar with industry standards and applicable laws and regulations in relation to environmental protection. These staff members hold regular meetings to address any potential risks relating to environmental issues which would have an adverse effect on our operations. Furthermore, to minimise the impact on the environment, we have installed environmental protection equipment and facilities to treat and, where possible, recycle waste materials. We have procedures in place to treat and dispose of our waste in accordance with national and local environmental laws and regulations. We are also constantly seeking to improve our environmental protection measures, for example, by reducing our use of water and production of waste water and by not burning coal for fuel to reduce carbon emissions.

We have also engaged an external agency specialised in environmental affairs to monitor the environmental compliance situation of the Group on a biannual basis. We have maintained a good record of environmental compliance.

Our facilities in China are subject to regular inspection by environmental regulatory authorities. If these facilities are found not to be in compliance with the applicable environmental standards, we may be subject to penalties, which may range from fines to suspension of production.

During the Track Record Period, we have not been subject to any penalty or claim by any governmental or regulatory authorities in China for any material breach of or non-compliance with any environmental laws or regulations. We have also been maintaining good relationships with the communities surrounding our manufacturing facilities.

For the years ended 31 December 2012, 2013 and 2014, our cost of compliance with applicable environmental laws, rules and regulations were approximately RMB220,000, RMB181,000 and RMB113,000, respectively. These costs do not include historical capital expenditure on property, plant and equipment that may be attributable to environmental compliance. We do not have any specific expenditure plan with respect to environmental matters in the near future. However, we will devote operating and financial resources to such compliance whenever we are required by PRC laws and regulations to do so in the future.

In addition, as the PRC environmental regime continues to evolve and the supervision and enforcement authorities may adopt more stringent standards of environmental protection, we may be required to undertake significant expenditures in order to comply with environmental laws and regulations that may be adopted or imposed in the future.

Our PRC legal adviser has opined that we are in compliance with relevant national or local environmental laws and regulations in China in all material aspects and have obtained all material permits, approvals and certifications required under PRC law in relation to our manufacturing facilities, including the discharge of waste gas and waste water.

INSURANCE

We maintain property insurance covering our production facilities and equipment, which we believe is sufficient in accordance with customary industry practice as well as social welfare insurance in accordance with the relevant laws and regulations in China. We also maintain vehicle insurance coverage on vehicles we own as well as fixed asset insurance. We do not carry any product liability insurance or business interruption insurance, which are not mandatory under PRC law as confirmed by our PRC legal adviser. For the years ended 31 December 2012, 2013 and 2014, we incurred expenses for such insurance policies in the amount of RMB337,628, RMB432,306 and RMB349,195, respectively. Our insurance policies include property all risks insurance (liquid assets), property all risks insurance (fixed assets excluding vehicles), vehicle all risks insurance, group life insurance and employer's liability insurance. The insurers include People's Insurance Company of China, China Pacific Insurance Co., Ltd. and China Life Insurance Co., Ltd. However, significant uninsured damage to any of our properties, inventory or other assets, whether as a result of fire or other causes, could have a material and adverse effect on our results of operations. For the risks associated with the coverage of our insurance policies, please refer to the section headed "Risk Factors – Risks Relating to the Company – We have limited insurance coverage, which could expose us to significant costs and business disruption" in this prospectus. In addition, to minimise our product liability risk, we have instituted quality control measures in order to avoid or reduce the incidence of product defects. Please refer to the section headed "Business – Quality Control" in this prospectus for further details of our quality control system. The Directors are of the view that our current insurance coverage is in line with industry practice and is adequate for our operations. As of the Latest Practicable Date, we had not made or been the subject of any insurance claims which are material to us.

INTERNAL CONTROL AND RISK MANAGEMENT

It is the responsibility of the Board of Directors to ensure that the Company maintains sound and effective internal controls to safeguard the Shareholders' investment and the Group's assets at all times. We have adopted, or expect to adopt before the Listing, a series of internal control policies, procedures and programmes designed to provide reasonable assurance for achieving objectives including effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. Highlights of our internal control system include the following:

- *Code of Conduct*. Our code of conduct explicitly communicates to each employee our values, acceptable criteria for decision-making and our ground rules for behaviour. Our code of conduct also includes whistleblowing policies to encourage all employees to speak up against any sub-standard behaviour.

- *Anti-corruption*. Our anti-corruption policies provide the tools and resources necessary to enable, monitor and enforce full compliance with the anti-bribery and anti-corruption laws of China. Compliance with our anti-corruption policies is a condition of employment.

- *Internal Audit*. We established an internal audit charter that clearly states the objectives, organisation, roles and responsibilities, working scope and procedures of our internal audit function. We plan to execute the internal audit charter after the Listing. The Audit Committee in the Board of Directors is responsible for supervising our internal audit function.

- *Compliance with the Listing Rules*. Our various policies aim to ensure compliance with the Listing Rules, including but not limited to aspects related to corporate governance, connected transactions and securities transactions by the Directors.

In particular, as part of our risk management and internal control measures, the Group has established a set of internal regulations against corrupt, bribery and fraudulent activities, which includes measures against receiving bribes and kickbacks, and misuse of company assets. This set of regulations applies across the Group, including our subsidiaries, and sets out the following:

- The internal audit department is responsible for the daily execution of the anti-bribery measures. Its scope of duties include reviewing and assessing the anti-bribery measures in each department, reviewing complaints and reports from internal and external sources, and conducting investigations and undertaking rectification actions accordingly. The internal audit department shall report to our senior management and audit committee upon discovery of any corruption case or allegation or misconduct.

- We have set up a system for handling complaints and investigations. We accept both named and anonymous complaints through our telephone hotline and email. Both telephone hotline and email are announced and circulated to all levels of employees as well as all external parties that have direct or indirect economic relationship with the Group. For complaints that involve senior management, a special investigation team will be formed, consisting of members from the internal audit department and the management of the relevant department, and external investigators will be employed if necessary. The progress of investigations is archived accordingly, and also reported to the Directors on a quarterly basis.

- At the beginning of each year, we conduct a risk assessment and this includes assessment of risks of bribery, false financial reports, misappropriation of company assets, and inappropriate income or expenses. The assessment is made with regard to each business department and is also conducted on major accounts, as well as each senior management member and Board member.

- We ensure that all employees receive training about compliance with the relevant laws and professional ethical standards upon recruitment. Our internal regulations and policies on anti-bribery are included in staff handbooks. For any person to be employed or promoted for important positions, we also conduct background investigations, the results of which are duly recorded and archived.

- If fraudulent activities take place within the Group, we would ensure that written reports of the rectification measures are circulated internally and to external parties if necessary.

- The anti-bribery executive committee shall have annual meetings specifically to review the measures against bribery and other fraudulent activities. Ad-hoc meetings will also be convened when there are serious incidents, including when any general management of the headquarters, the branch offices or the subsidiaries are involved in fraudulent activities. At the meetings, each department head reports to the anti-bribery executive committee about the status of their own department, and the internal audit department reports about the status and progress across the Group.

To prevent our third party distributors and sub-distributors from engaging in corruption, bribery, or other improper conduct, we also take into account the compliance history of the third party distributors and sub-distributors during our distributors selection process.

The Directors are of the view that such controls and measures are adequate to minimise the occurrence of corruption, bribery, or other improper conducts of our employees. During the Track Record Period and up to the Latest Practicable Date, we had been in compliance with the aforesaid anti-corruption requirements, and we were not aware of any non-compliance with such requirements by the Directors or our employees.

The ultimate goal of our risk management process is to bring focus and effort to the issues in our business operations that create impediments to our success. Our risk management process starts with identifying the major risks associated with our corporate strategy, goals and objectives. We encourage an all-embracing culture of risk management that ensures all employees are aware of and responsible for managing risks. Our audit personnel, the Audit Committee in the Board of Directors, and ultimately the Board of Directors supervise the implementation of our risk management policy at the corporate level by bringing together each operating department, such as quality control, research and development and sales, to collaborate on risk issues among different functions. For details about the qualifications and experiences of the members of the Audit Committee in the Board of Directors and the Board of Directors, please refer to the section headed "Directors and Senior Management" in this prospectus.

PROPERTIES

As of the Latest Practicable Date, we had obtained land use rights for 9 parcels of lands with a total area of 67,394.8 square metres. We have also obtained property ownership certificates for 22 pieces of properties with a total gross floor area of 43,674.2 square metres.

As of the Latest Practicable Date, all of our self-owned properties under the name of Golden Throat Company were mortgaged to Agriculture Bank of China Limited Liuzhou Lixin Sub-branch. The properties that are material to our business are primarily our production facilities. Please refer to the section headed "Business – Manufacturing – Manufacturing Facilities" in this prospectus for further details for the size, use and location of each manufacturing facility.

The above properties in China are in connection with our business operations and are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules.

According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempt from compliance with the requirements of Section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding up and Miscellaneous Provisions) Ordinance which require a valuation report with respect to all the Group's interests in land or buildings, for the reason that, as of 31 December 2014, none of the properties held or leased by us has a carrying amount of 15% or more of our consolidated total assets. Accordingly, we are not required by Chapter 5 of the Listing Rules to value or include in this prospectus any valuation report of our property interests.

We summarise below the information regarding properties material to our operations and businesses. Such summary does not include information about all of our properties owned, held or occupied by us.

Head Office

Our headquarters is at No. 28, Yuejin Road, Liuzhou, Guangxi Zhuang Autonomous Region, China.

Self-Owned Properties

As of the Latest Practicable Date, we had obtained land use right certificates for 9 parcels of land with a total gross area of approximately 67,394.8 square metres and building ownership certificates for 22 buildings with an total gross floor area of approximately 43,674.2 square metres.

The following table sets out a summary of all the properties, including land and buildings, which are owned by us and considered material to our business:

Address	Use of Property	Gross Floor Area (Square Metres)
No. 28, Yuejin Road, Liuzhou, Guangxi Zhuang Autonomous Region	Workshop	4,228.3
	Office building	2,152.3
	Boiler room	839.2
	Switch board room	2,612.5
	Workshop	7,283.0
	Workshop	9,721.8
Anshan Road, Chengguan Town, Xincheng County, Laibin, Guangxi Zhuang Autonomous Region	Workshop	1,276.6
	Canteen	438.1
	Warehouse	2,795.1
	Workshop	1,604.6
	Boiler room	246.6
	Switch board room	197.1
	Office building	982.0
	Workshop	363.9
	Workshop	443.4
	Workshop	3,907.7

As of the Latest Practicable Date, we had obtained building ownership certificates and land use right certificates for all our owned properties, except for the building ownership certificates in respect of 13 buildings at our Liuzhou and Laibin facilities with a gross floor area of approximately 11,354.0 square metres.

Of the above 13 buildings, three buildings are located at our Liuzhou facility with an aggregate gross floor area of approximately 5,890.4 square metres, accounting for approximately 10.7% of the aggregate gross floor area of our self-owned buildings. We have not been able to obtain the building ownership certificates primarily due to the historical legacy issues involved in the process of assets transfer from Liuzhou No. 2 Sweet Factory to Golden Throat Company. These buildings are mainly designed for warehouse, education building and canteen purpose. We have commissioned an inspection to be conducted by Guangxi Civil Engineering Exploration, Inspection and Management Company Limited (廣西土木勘察檢測治理有限公司) ("**Guangxi Civil**"), an Independent Third Party with construction engineering quality inspection institution qualification issued by the Ministry of Construction of the PRC to carry out a safe condition check in March 2015 (the "**Commissioned Inspection**"). Based on the Commissioned Inspection carried out in accordance with the Standard of Dangerous Building Appraisal (JGJ125-99) (2004 version), the Code for Deformation Measurement of Building and Structure (JGJ8-2007) and the Criteria for Reliability Appraisal of Industrial Buildings (GB50144-2008), Guangxi Civil inspected the relevant design plan and conducted on-site visit which included, amongst others, the review of the components of columns and beams and the structure of foundations and protection and concluded that the relevant buildings currently in use are in good and safe conditions in all material aspects (including, without limitation, appearance quality, structural risks, foundation, upper bearing structures and retaining structure). Based on the above conclusion, the Company believes that they are all in good and safe conditions. As of the Latest Practicable Date, we have not been considered by the competent authority to be in violation of applicable laws and regulations for the defective titles in such buildings, and we have not been subject to any administrative penalty as a result of these defects. We do not consider these buildings crucial to our core business operations as the buildings were designed for warehouse and education purpose are no longer used by us, apart from one building which is being used as a canteen and we can easily relocate the canteen in a timely manner with immaterial expenses, which would not materially affect our business or financial position. Our PRC legal adviser is of the view that since the above buildings only represent an immaterial portion of the Group's owned buildings and we have obtained relevant land use right certificates, the absence of the relevant building ownership certificates will not, individually or in aggregate, result in any material adverse effect on our operation. As advised by our PRC legal adviser, due to our lack of title certificates for these buildings we will not be able to transfer or mortgage the buildings to a third party. The book value of such buildings has been fully expensed prior to the Track Record Period.

The other 10 buildings are located at our Laibin facility with an aggregate gross floor area of approximately 5,463.6 square metres, accounting for approximately 9.9% of the aggregate gross floor area of our self-owned buildings. One building with a gross floor area of approximately 2,589.0 square metres, was designed for manufacturing, and the other nine buildings, with a gross floor area from approximately 23.0 square metres to 578.0 square metres, were mainly designed for warehouse, office building and dormitory purposes and which, based on the Commissioned Inspection and the Guangxi Civil's conclusion that the relevant buildings currently in use are in good and safe conditions in all material aspects (including, without limitation, appearance quality, structural risks, foundation, upper bearing structures and retaining structure), the Company believes are all in good and safe conditions. We were not able to obtain the building ownership certificates primarily because the construction of the relevant buildings was not strictly in compliance with construction planning requirements. The building designed for manufacturing currently accounts for approximately 4.7% of the aggregate gross floor area of our self-owned buildings. It accounts for approximately 14% of the production capacity of Golden Throat Lozenges (OTC), and approximately 15.4% of the gross revenue of the Group for the year ended 31 December 2014. We erected the manufacturing building in steel structure in 2009 as a temporary arrangement with an intention to ultimately relocate the relevant production and ancillary facilities to a planned new production base. The construction of the new production base was delayed due to a change in selection of location, which was eventually decided to be Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region. We have obtained a certificate from the competent local authority, Xincheng County Bureau of Housing and Urban Rural Development (忻城縣住房和城鄉建設局), in February 2015 with respect to all these buildings confirming that (i) these buildings will not be required to be demolished before the promulgation of the new layout plan of the relevant area and (ii) no penalty was imposed on us. In the unlikely event that we are ordered to demolish such 10 buildings, we estimate that (i) the costs to relocate the above building designed for manufacturing would not exceed approximately RMB0.1 million; (ii) the loss of revenue during the relocation from the above building to the existing facilities would be minimal as the relocation will be arranged during the machinery downtime of our relevant facilities; (iii) the cost of demolition of such building would not exceed approximately RMB300,000; and (iv) the relocation time for such building would not exceed approximately three weeks as we could easily relocate to our existing facilities adjacent to such building. Our loss of revenue during the course of relocation for the other nine buildings would be minimal as we could easily relocate to alternative sites. Our business would not be materially and adversely affected by any such relocation. Our PRC legal adviser is of the view that the maximum penalty is that we may be required by the PRC building authorities to cease occupancy of the relevant buildings or we may be required to demolish these buildings; however, as we could easily relocate to an alternative base, the absence of the ownership certificates will not individually or in aggregate result in any material adverse effect on our operation. As advised by our PRC legal adviser, due to our lack of title certificates for these buildings, we will not be able to transfer or mortgage the buildings to a third party. The book value of such buildings has been fully expensed prior to the Track Record Period.

In light of the above, while we have not been able to pursue further remedial measures for obtaining the respective building ownership certificates, the Directors are of the view that the 13 buildings without building ownership certificates are not, individually or collectively, crucial to, and will not have a material impact on, our operation and financial position primarily because (i) no governmental authority or third party has made any claims or imposed any penalty against us with respect to the 13 buildings; (ii) the safe conditions of the 13 buildings are not adversely affected by the lack of building ownership certificates; (iii) we do not expect to incur any material construction expenses in relation to the relocation of the 13 buildings arising in connection with the lack of building ownership certificates; and (iv) we believe that in the unlikely event that we are required to demolish these buildings, our operations located at these buildings could be relocated before the Listing to our existing facilities adjacent to these buildings or alternative sites without material interruption to our business and our financial condition would not be materially and adversely affected. We confirm that the existing facilities adjacent to these buildings have sufficient space to accommodate the operations relocated from the above building designed for manufacturing with title defects. In order to prepare for such relocation, we have prepared a new layout plan for the above existing facilities in February 2015. We commenced the relocation of the above building designed for manufacturing with title defects in early April 2015 and completed such relocation by the middle of April 2015. We believe that there is no material difference in land cost which we would have to pay if the 13 buildings without building ownership certificates did not have any defective titles.

Please refer to the section headed "Risk Factors – Risks Relating to the Company – We have not obtained the building ownership certificates in respect of certain buildings at our Liuzhou and Laibin facilities" in this prospectus for further details of the risks with respect to our properties with title defects.

Leased Properties

As of the Latest Practicable Date, our material leased property included one premise with a floor area of approximately 1,420 square metres, which was used for our offices and warehouses.

The following table sets out a summary of the leased property, which is considered material to our business:

Address	Use of Property	Gross Floor Area (Square Metres)	Expiration Date of Lease
3rd Floor, Zone 2, Composite Tower #8 Keyuan Dongwu Road, Nanning	Office, warehouse	1,420	31 December 2016

EMPLOYEES

As of 31 December 2014, we had a total of 1,144 full-time employees, all of which are based in China. We have set up six departments to manage various aspects of our business. The table below sets forth a breakdown of our total number of employees by function as of 31 December 2012, 2013 and 2014:

	Year Ended 31 December					
	2012		2013		2014	
Function	Number of employees	%	Number of employees	%	Number of employees	%
Manufacturing	877	72.9	857	72.6	835	73.0
Sales	41	3.4	41	3.5	41	3.6
Research and development	46	3.8	48	4.1	46	4.0
Quality control	51	4.2	53	4.5	53	4.6
Management	155	12.9	150	12.7	135	11.8
Financial	33	2.8	32	2.6	34	3.0
Total	1,203	100.0	1,181	100.0	1,144	100.0

We enter into individual employment contracts with our employees to cover matters such as wages, employee benefits, safety and sanitary conditions in the workplace and grounds for termination. Our employees do not negotiate their terms of employment through any labour union or by way of collective bargaining agreements. The PRC government requires us to provide work-related injury insurance, social insurances and housing accumulation funds for each of our employees who have entered into employment contracts with us. The Directors consider that we maintain a good relationship with our employees. The Directors and our PRC legal adviser confirmed that we had complied with applicable employment laws and regulations in all material respects and there had been no outstanding material labour related legal proceedings or disputes against us as of the Latest Practicable Date.

Training and Development

We recruit our employees based on a number of factors, including their work experience, educational background and the needs of our vacancies. We are committed to our employees' continuing education and development. We provide various internal and external training programmes to our employees, such as GMP training, safety training, corporate culture training and initial training for new employees with a view to improving staff knowledge in a number of important areas of our services. Our internal training programmes are also dynamic and tailored in accordance with the particular stage of our development. External training programmes are compulsory for our employees, as we will also invite outside experts to conduct such training programmes.

We also seek to motivate and retain our employees by maintaining a merit-based compensation and promotion system.

Employee Benefits

Our staff costs were approximately RMB80.0 million, RMB82.1 million and RMB80.0 million in the three years ended 31 December 2012, 2013 and 2014, respectively. The remuneration package for our employees includes salary and, in some cases, bonuses. We conduct periodic performance reviews for our employees, and their remuneration is performance-based. We are also required by PRC laws and regulations to contribute toward various government sponsored employee benefit plans, including social insurance and housing accumulation funds, in amounts equal to predetermined percentages of the salaries, bonuses and certain allowances of our employees, up to a maximum amount specified by the local government where we operate our businesses from time to time.

In addition, a labour union was established in 1999 that represents employees with respect to labour disputes and other employee matters. Such labour union does not represent our employees for the purpose of collective bargaining, and our employees are not covered by any collective bargaining agreement. During the Track Record Period, we had not experienced any major disputes with our employees and we believe that we maintain a good work relationship with our employees.

PERMITS, LICENCES AND CERTIFICATIONS

We are subject to regular inspections, examinations and audits and are required to maintain or renew the necessary permits, licences and approvals for our business. The Directors, as advised by our PRC legal adviser, confirm that, during the Track Record Period and up to the Latest Practicable Date, the Group had complied with relevant PRC laws and regulations in all material respects and had obtained all material permits, licences and certifications from the relevant PRC authorities for its operations in China.

The following table sets forth key permits, licences and certifications relating to our business and operations (apart from those pertaining to general business requirements), their respective purpose, issuing authority and expiry date:

Permit/Licence/Approval	Purpose	Issuing authority	Expiry date
GMP (Gui L0419)	Manufacturing of tablets, granules and hard capsules (including prior treatment and extraction of Chinese medicine)	Guangxi FDA	28 September 2015*
GMP (GX20140064)	Manufacturing of tablets, granules, syrup, hard capsule, tincture (oral), tea agent, lotions, mixture (containing Chinese medicine pre-treatment and extraction)	Guangxi FDA	25 May 2019
Drug Manufacturing Permit	Manufacturing of pharmaceutical products by Golden Throat Company	Guangxi FDA	31 December 2015*
	Manufacturing of pharmaceutical products by Golden Throat Pharmaceutical	Guangxi FDA	31 December 2015*
GSP	Quality management of the supply of pharmaceutical products by Golden Throat Medical	Guangxi FDA	28 January 2020
Drug Trading Licence	Trading of pharmaceutical products	Guangxi FDA	28 January 2020
Medical Device Manufacturing Permit	Manufacturing of medical devices by Golden Throat Health Food	Guangxi FDA	1 March 2016
Industrial Product Manufacturing Permit (QS)	Manufacturing of sugar products (candy) by Golden Throat Health Food	Liuzhou Bureau of Quality and Technical Supervision	9 March 2016
	Manufacturing of other alcoholic products (compound liquor) by Golden Throat Pharmaceutical	Liuzhou Bureau of Quality and Technical Supervision	6 December 2016
Food Circulation Permit	Trading of general food products	Liuzhou Food and Drug Administration (Liubei Division)	25 August 2017

Note:

* *Certain of our pharmaceutical product manufacturing permits are approaching their expiry, the renewal of which is an administrative and routine process. We plan to submit applications to renew such approvals and permits strictly in accordance with relevant PRC regulations and practices before their respective expiration. Our PRC legal adviser has advised us that, provided that the current PRC laws, regulations and industry policies remain unchanged and we have complied with all substantive and procedural requirements under PRC laws, rules and regulations, as well as all requests of the competent authorities at the relevant time, there should not be material legal impediments in renewing our pharmaceutical product manufacturing permits.*

Our respective departments are responsible for monitoring the validity status of our permits, licences and certifications, as well as preparing timely applications for renewal of the relevant permits, licences and certifications. The renewal procedurals for the above key permits, licences and certifications are to be carried out within six months prior to the expiration dates. The Directors are not aware of any reason that would cause or lead to non-renewal of our permits, licences and certifications. Our PRC legal adviser confirmed that as of the Latest Practicable Date, there was no material legal impediment for us to renew our material permits, licences and certifications, as long as we comply with the relevant requirements. For more information about the laws and regulations that we are subject to in China, please refer to the section headed "Regulatory Overview" in this prospectus.

LEGAL AND COMPLIANCE

As of the Latest Practicable Date, no member of the Group or any of the Directors was engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Group or any of the Directors, that would have a material adverse effect on its business, results of operations or financial condition. We may from time to time become a party to various legal, arbitration or administrative proceedings arising in the ordinary course of our business.

Save as disclosed in this prospectus, the Directors, as advised by our PRC legal adviser, confirm that as of the Latest Practicable Date, the Group had complied with all relevant PRC laws and regulations in all material respects and had obtained all necessary material licences, approvals and permits from the relevant regulatory authorities for its operations in China.

CORPORATE SOCIAL RESPONSIBILITY

Consistent with our brand value which focuses on living a healthy life and benefits human beings in general, we have a strong sense of mission and responsibility to fulfil our corporate social responsibility. While focusing on enterprise growth, we also strive to promote the healthy development of society and community and become a leading corporate citizen with a high degree of social responsibility and leadership.

Charity Programmes

We provide sponsorship of our products in charity events and regularly give donations to schools and for poverty alleviation programmes. We believe that in addition to fulfilling our corporate social responsibility, such activities promote the image of our brand as a socially responsible enterprise and part of the local community.

We also collaborate with a number of non-profit organisations, such as Women's Federation of Guangxi Zhuang Autonomous Region (廣西壯族自治區婦女聯合會) and Guangxi Association of Female Entrepreneurs (廣西女企業家協會). Where there are suitable positions, we provide employment opportunities to the underprivileged and disabled, helping them to develop their potential and improving their self-care skills for integrating into society.

We have further provided charitable donations for the establishments of insurance plans for more than 16,000 teachers in Liuzhou, Guangxi Zhuang Autonomous Region and for disaster relief work.

Infrastructure Programmes

For many years, we have supported public welfare infrastructure programmes and strived to give back to society. For example, in Guangxi Zhuang Autonomous Region (where our headquarters is located), we contributed funds to help build infrastructure (such as roads and footbridges) in certain communities.

Over the last decade, we donated a substantial amount in cash or in kind. We expect to continue to make similar donations and fulfill our social responsibility after the Listing. We believe our continuous corporate efforts demonstrate our awareness of corporate social responsibility and further enhance our corporate image.

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our audited consolidated financial statements as of and for each of the years ended 31 December 2012, 2013 and 2014 and the accompanying notes included in the Accountants' Report set out in Appendix I to this prospectus. We have prepared our financial information in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

The following discussion contains forward-looking statements that involve risks and uncertainties. Factors that could cause or contribute to such differences include, without limitation, those discussed in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We are a leading manufacturer of lozenges in China, with our patent-protected lozenges having the largest market share of approximately 25.8% in terms of retail sales value in 2014 according to the Euromonitor Report. Our history dates back to 1956 when Liuzhou No. 2 Sweet Factory (柳州市糖果二廠), the predecessor of Golden Throat Company, was established. Since then, we have developed into a comprehensive modern group mainly engaging in the manufacture and sale of lozenges and other pharmaceutical and food products. Our sales of Golden Throat Lozenges (OTC) accounted for 92.4%, 92.4% and 90.6% of our total revenue for the years ended 31 December 2012, 2013 and 2014, respectively.

During the Track Record Period, substantially all of our revenue was generated from our sales to distributors. As of 31 December 2014, we had established an extensive distribution network comprising over 300 distributors, covering all of the provinces, autonomous regions and municipal cities throughout China. We report our revenue by three product categories, consisting of Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and other products. During the Track Record Period, most of our revenue was generated from our sales of Golden Throat Lozenges (OTC).

Our revenue decreased by 6.6% from RMB587.8 million in 2012 to RMB548.9 million in 2013 but increased by 10.5% from RMB548.9 million in 2013 to RMB606.8 million in 2014. Our net profit decreased by 32.0% from RMB102.8 million in 2012 to RMB69.9 million in 2013 but increased by 74.1% from RMB69.9 million in 2013 to RMB121.7 million in 2014.

BASIS OF PRESENTATION

Pursuant to the Reorganisation as set out in the section headed "History and Development" in this prospectus, the Company became the holding company of the companies now comprising the Group on 25 December 2014. As the Reorganisation only involved inserting new holding entities at the top of an existing company and has not resulted in any change of economic substances, our financial information for the relevant periods has been presented as a continuation of the existing company using the pooling of interests method.

Accordingly, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows are prepared as if our current group structure had been in existence throughout the Track Record Period. The consolidated statements of financial position as of 31 December 2012, 2013 and 2014 present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates.

Our financial information has been prepared in accordance with HKFRS under the historical cost convention except for available-for-sale investments. We present our financial information in Renminbi. All intra-group transactions and balances have been eliminated on consolidation.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial statements in conformity with HKFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that we believe to be reasonable under the circumstances. Actual results may differ from these estimates.

We have identified the policies below as critical to our business operations. We review our estimates and underlying assumptions on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Revenue Recognition

We recognise revenue when it is probable that the economic benefits will flow to us and when the revenue can be measured reliably on the following bases: (a) with respect to the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, typically a distributor of our products, provided that we maintain neither managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; (b) with respect to rental income, on a time proportion basis over the lease terms; and (c) with respect to interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset. When we sell our products to distributors, they are typically required to inspect the products on delivery and must notify us and obtain our written consent before damaged products can be returned or exchanged. Any products that have been accepted on delivery, no matter whether they can be subsequently sold by our distributors, are not eligible for returns. As such, with respect to sales to our distributors, we typically recognise revenue at the wholesale price once our distributors have accepted our products.

Impairment of Trade and Other Receivables

We aim to collect payment from our distributors before delivering our products to them. However, for our distributors with whom we have long-term relationships, we typically extend a short-term credit period of three months. During the Track Record Period, most of our distributors settled their purchase prices with us by bank accepted bills with a maturity of one to six months. Since 2012, we have also adopted policies to gradually encourage our distributors to pay the purchase price by cash or bank accepted bills before our delivery of products. We seek to maintain strict control over our outstanding receivables, and overdue balances of our receivables are reviewed regularly by our senior management. Our trade receivables are non-interest-bearing.

We make impairment of trade and other receivables based on an assessment of the recoverability of trade and other receivables, which requires our management's judgements and estimates. Where the actual outcome is different from our original estimate, such differences will impact on the carrying values of the trade and other receivables and impairment loss over the period in which such estimate has been changed. Our provision for impairment of trade and other receivables amounted to RMB9.8 million, RMB14.2 million and RMB14.4 million as of 31 December 2012, 2013 and 2014, respectively, reflecting the amount of trade and other receivables from our distributors that were no longer considered recoverable by our management. We recorded a higher provision for impairment of trade and other receivables as of 31 December 2013 and 2014 as compared to 31 December 2012, primarily because when we reviewed the status of our trade and other receivables in 2013, we took the view that trade and other receivables from a number of distributors across different provinces, including, amongst others, Shanxi, Guangxi, Xinjiang and Guizhou, whose distribution agreements had been terminated by us, had been long overdue and were not recoverable. The slight increase in the provision for impairment of trade and other receivables in 2014 was primarily because we recorded a higher provision for impairment from a number of distributors, which was partially offset by amounts recorded from several distributors which had previously been recorded under provision for impairment under exceptional circumstances.

Derecognition of Bills Receivables

During the Track Record Period, we endorsed certain bank accepted bills that we received from our customers to settle our trade payables to suppliers. Under the Laws of Negotiable Instruments of the PRC (中華人民共和國票據法), if the acceptance bank or the issuer defaults, the transferee of the endorsed bills has a right of recourse against the transferor or any party who previously endorsed the bills. As such, we have considered the reputation of the acceptance banks to determine whether the carrying amounts of endorsed bills and the associated trade payables should be derecognised.

- With respect to the endorsed bills that the Directors believe that we have transferred substantially all the related risks and rewards, which are those issued by large and reputable banks in China, we derecognise the full carrying amounts of such bills and the associated trade payables. As of 31 December 2012, 2013 and 2014, we derecognised the full carrying amounts of endorsed bills and the associated trade payables of RMB11.9 million, RMB9.0 million and RMB13.1 million, respectively. In addition, we also paid discount charges to the relevant banks to receive cash on bank accepted bills prior to the respective maturity dates of such bills in 2014. Accordingly, we derecognised the full carrying amounts of such discounted bills of RMB78.2 million as of 31 December 2014.

- With respect to the endorsed bills that the Directors believe that we still retain substantial risks and rewards, which are those issued by either non-listed banks or banks with lesser reputation in China, we do not derecognise their full carrying amounts and the associated trade payables according to HKFRS 39. As such, as of 31 December 2012, 2013 and 2014, we continued to recognise the full carrying amount of the endorsed bills and the associated trade payables of RMB24.6 million, RMB14.0 million and RMB20.6 million, respectively. As of 30 April 2015, 89.0% of the endorsed bills with a carrying amount of RMB20.6 million as of 31 December 2014 had matured without any default. We considered the default risk relating to our endorsed bills remote, and therefore we did not make any impairment provision in connection with such endorsed bills during the Track Record Period.

For details of the derecognition of bills receivables, please refer to Note 17 to the Accountants' Report included in Appendix I to this prospectus.

Useful Lives and Residual Values of Property, Plant and Equipment

Our property, plant and equipment primarily consist of our buildings, machinery and equipment, computer and office equipment, motor vehicles and construction in progress. We state property, plant and equipment, other than construction in progress, at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment, other than construction in progress, comprises our purchase price and any directly attributable costs of bringing the asset to the working condition and location for intended use.

Construction in progress represents buildings, machinery and equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. The cost of a construction in progress represents the direct costs of construction. We reclassify construction in progress to the appropriate category of property, plant and equipment upon its completion for use.

We calculate depreciation on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	4.75%
Machinery and equipment	9.5%
Motor vehicles	23.75%
Computer and office equipment	19.0%

In determining the useful lives and residual values of items of property, plant and equipment, we typically consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset and the legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on our experience with similar assets that are used in a similar way. We also adjust the depreciation if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from our previous estimate. We review the useful lives and residual values of our property, plant and equipment at the end of each financial year.

We derecognise an item of property, plant and equipment, including any significant part initially recognised, upon disposal or when no future economic benefits are expected from its use or disposal. We also recognise gain or loss on disposal or retirement in our statement of profit or loss in the year when the relevant asset is derecognised, which represents the difference between the net sales proceeds and the carrying amount of such asset.

Deferred Tax Assets

We record deferred tax, using the liability method, on all temporary differences at the end of our reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognised for all deductible temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised, except: (i) when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and (ii) in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

We believe the most significant factors affecting our results of operations and financial condition are as follows.

Market Demand for Our Products

We generate substantially all of our revenue in the PRC. Our financial results have been driven in part by the rapid growth of the PRC's lozenge market. According to Euromonitor, the aggregate retail sales value of the lozenge market in China grew at a CAGR of 10.4% from RMB2,091.5 million in 2009 to RMB3,424.2 million in 2014, and is expected to increase by a CAGR of 9.7% between 2015 and 2019 to reach a total retail sales value of RMB5,462.0

million in 2019. Our revenue amounted to RMB587.8 million, RMB548.9 million and RMB606.8 million in 2012, 2013 and 2014, respectively. As a leading lozenge brand in China, with our well-recognised brand and our existing portfolio of products, as well as our strong marketing capabilities and distribution network, we believe that we are well positioned to take advantage of the expected rapid growth of this market in China. Market demand for our products is and will be subject to a number of factors, including but not limited to consumer perception of our brand and similar products offered by our competitors, the success of our marketing and advertising campaigns, market coverage and sales performance of our distributors, the efficiency of our distributorship system, levels of disposable income and consumer spending and changes in the regulatory environment in China.

Pricing of Products

During the Track Record Period, substantially all of our revenue was generated from our sales to distributors. As such, our financial performance is directly affected by the wholesale price of our products sold to distributors. We determine and adjust such wholesale price based on a number of factors, including but not limited to our marketing strategies, the competitive environment, the quantity of the products sold, the expected level of profit, the relationship with and the distribution capability and level of our distributors and the distributors' track record in distributing our products. During the Track Record Period, we also offered a small amount of sales rebates to our distributors. The amount of such rebates and the timing to recognise the sales rebates during a given period may affect the average selling prices of our products during the same period.

During the Track Record Period, we increased the per box wholesale and recommended retail prices of certain products when we upgraded their packaging configurations, which affected our results of operations. For details, please refer to the subsection headed "– Business Strategies of Our Products" below. If the pricing structure of our products to our distributors is not maintained at a satisfactory level, our distributors may not place orders for new products from us, may decrease the quantity of their usual orders or may ask for further discounts on the wholesale purchase price, which may further impact our revenue and profitability.

Business Strategies of Our Products

As part of our business strategies, we upgraded the packaging configurations of our existing products to meet customer preferences and stimulate market demand for our products with the ultimate goal of enhancing our revenue and profitability. In August 2013, we introduced our top product Golden Throat Lozenges (OTC) in the new packaging configuration with a decreased quantity of lozenges from 20 lozenges per box to 12 lozenges per box, which were individually packed into laminated aluminium foil. We also upgraded the packaging configuration of our Dule Lozenges (都樂含片) in a similar way in January 2014. In addition to the upgraded packaging configurations, we increased the per box wholesale and recommended retail prices of Golden Throat Lozenges (OTC) and Dule Lozenges (都樂含片).

Our change of packaging configuration of Golden Throat Lozenges (OTC) in 2013 resulted in an increase in the average unit cost of sales of our Golden Throat Lozenges (OTC) from RMB0.07 per lozenge in 2012 to RMB0.08 per lozenge in 2013 and to RMB0.09 per lozenge in 2014, primarily due to an increase in the unit cost of packaging materials per lozenge, whereas the unit cost of raw materials per lozenge remained relatively stable. However, as we increased the per box wholesale price of Golden Throat Lozenges (OTC) in the new packaging configuration, we recorded an increase in the ASP of such product from RMB0.21 per lozenge in 2012 to RMB0.25 per lozenge in 2013 and to RMB0.36 per lozenge in 2014, which outpaced the increase in the unit cost of sales per lozenge and resulted in an increase in the gross profit margin of Golden Throat Lozenges (OTC) from 66.8% in 2012 to 69.4% in 2013 and to 74.3% in 2014.

Although we believe that the upgrading of our existing top products will help us to achieve higher revenue and profitability in the long term, we may experience short-term adverse impacts on our results of operations as a result of such business strategies. For example, to accelerate the customer acceptance of our Golden Throat Lozenges (OTC) in its new packaging configuration and reduce the inventory accumulation of the same product in its old packaging configuration in our distribution chain, we substantially ceased our manufacturing and distribution of Golden Throat Lozenges (OTC) in the old packaging configuration in May 2013, offered favourable prices to certain distributors to sell the remaining inventory of such products and started to upgrade our production facilities, in particular, the packaging lines, for the purposes of manufacturing Golden Throat Lozenges (OTC) in the new packaging configuration. We commenced the bulk production of such products in August 2013. In addition, when we increase the per box wholesale and recommended retail prices of an existing product in its upgraded packaging configuration, there is normally a period of time for our distributors to assess the market feedback before they place bulk purchase orders with us. As a result, our aggregate revenue derived from sales of Golden Throat Lozenges (OTC) in both the new and the old packaging configurations decreased from RMB543.4 million in 2012, or by 6.7%, to RMB507.0 million in 2013. Due to the temporary slowdown of production in our manufacturing facility from May to July in 2013, our results of operations in 2013 may not be indicative of our future results or directly comparable to other years.

Product Mix

Our results of operations are affected by the relative contribution of our two key product categories, namely Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products, which have different profit margins. We also record revenue from sales of other products, including Yinxingye Tablet (銀杏葉片), other pharmaceutical products and other food products. The sales of these other products contributed to less than 5% of our total revenue during the Track Record Period.

The table below sets forth, for the periods indicated, a breakdown of our revenue.

	Year ended 31 December					
	2012		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Golden Throat Lozenges (OTC)						
in old packaging configuration[1]	543,370	92.4%	275,267	50.2%	–	–
in new packaging configuration[2]	–	–	231,764	42.2%	549,501	90.6%
Subtotal	543,370	92.4%	507,031	92.4%	549,501	90.6%
Golden Throat Lozenge Series Products[3]	30,586	5.2%	31,446	5.7%	36,717	6.1%
Others[4]	13,846	2.4%	10,380	1.9%	20,583	3.3%
Total	587,802	100.0%	548,857	100.0%	606,801	100.0%

Notes:

(1) Contains 20 lozenges per box.

(2) Contains 12 lozenges per box.

(3) Consists of Dule Lozenges (都樂含片), sugar-free Dule Lozenges and sugar-free flavours of orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊) and American ginseng (西洋參) of this series products.

(4) Others include mainly Yinxingye Tablet (銀杏葉片), other pharmaceutical products and other food products. For details of our other products, please refer to the section headed "Business – Our Products – Other Products" in this prospectus. In 2014, our revenue generated from others also included revenue of RMB8.3 million contributed by Weikete from May to December 2014 when it was our subsidiary.

The table below sets forth, for the periods indicated, the gross profit margin of our major products.

	Year ended 31 December		
	2012	2013	2014
Golden Throat Lozenges (OTC)			
in old packaging configuration[1]	66.8%	67.1%	–
in new packaging configuration[2]	–	72.2%	74.3%
Subtotal/Weight average	66.8%	69.4%	74.3%
Golden Throat Lozenge Series Products[3]	45.2%	43.9%	46.6%

Notes:

(1) Contains 20 lozenges per box.

(2) Contains 12 lozenges per box.

(3) Consists of Dule Lozenges (都樂含片), sugar-free Dule Lozenges and sugar-free flavours of orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊) and American ginseng (西洋參) of this series products.

For a detailed analysis of the sales volume, average selling price and gross profit margin of our major products, please refer to the subsections headed "– Description of Principal Consolidated Statements of Profit or Loss and Other Comprehensive Income Items – Revenue" and "– Description of Principal Consolidated Statements of Profit or Loss and Other Comprehensive Income Items – Gross Profit" below. In order to capture a greater market share during the Track Record Period, we priced our Golden Throat Lozenge Series Products competitively to incentivise our distributors to make purchases by allowing them to enjoy a higher profit margin. Although our Golden Throat Lozenge Series Products have a lower gross profit margin as compared to our Golden Throat Lozenges (OTC), we intend to continue developing such product category to diversify our overall portfolio and revenue sources. As a result of the market-driven changes in our marketing and promotional strategies and the different cost structure and sales volume of our product categories, revenue contribution by our product categories and our overall gross profit margin may vary from one period to another. Our strategy is to continue to evaluate and adjust our product portfolio from time to time to focus our resources primarily on products with greater market demand and to gradually diversify our product portfolio to capture greater market share. While revenue derived from our top product Golden Throat Lozenges (OTC) may continue to account for a significant portion of our total revenue, we believe that our overall profitability will continue to be affected by the respective significance of our product categories to our business during a given period.

Effectiveness and Coverage of Our Distribution Network

We rely on our distribution network to sell our products, primarily our top product Golden Throat Lozenges (OTC). During the Track Record Period, substantially all of our revenue was generated from sales to our distributors.

The effectiveness and geographic reach of our distribution network and sales force directly impact our sales. As of 31 December 2014, we had established an extensive distribution network comprising over 300 distributors covering all the provinces, autonomous regions and municipal cities throughout China. We have further refined our distribution networks into a refined distribution network for our Golden Throat Lozenges (OTC) in 2013 by adopting uniform prices to different categories of distributors in order to avoid significant fluctuations in our selling prices to our distributors and to effectively manage our distributors by reducing competition between distributors. Under this refined distribution network, the distributors are normally provincial-level and municipality-level agents and the sub-distributors are typically distribution companies with smaller scale and directly engaged by our distributors. The number of distributors for our over-the-counter medicines increased from 158 as of 31 December 2012 to 212 as of 31 December 2013 and further increased to 228 as of 31 December 2014. In addition, we have entered into products promotion cooperation agreements with promoters on an annual basis, who are Independent Third Parties and who have been engaged to provide promotional services for our products. As of 31 December 2014, we engaged a total of 13 promoters. For details, please refer to the section headed "Business – Sales, Marketing and Distribution – Promoters" in this prospectus. To further increase our market share and deepen our market penetration, we intend to enhance our distribution network by targeting different geographical areas and products. For details, please refer to the section headed "Business – Our Strategies and Future Plans – Expand our distribution network, refine associated infrastructure and leverage on our existing distribution network to market different products" in this prospectus. The level of success we may experience in implementing our refined distribution network and expansion strategies may significantly impact our revenue growth and profitability.

Cost of Products

Our profitability is significantly affected by our cost of sales, which primarily consists of the cost of packaging materials, the cost of raw materials and other costs incurred in the production process. Our packaging materials primarily include paper and metal boxes, polyvinyl chloride and aluminium foil, and our raw materials consist primarily of sugar and Chinese herbs.

The prices for our packaging materials and raw materials are determined principally by market forces and our bargaining power vis-à-vis our suppliers. For Chinese herbs, save for some suppliers with which we also enter into annual framework procurement agreements, we place orders by batches according to our manufacturing needs. For other raw materials and packaging materials, we generally enter into supply agreements with our suppliers on an annual basis, which are renewable upon mutual agreement with price being determined at the time of each order. During the Track Record Period and up to the Latest Practicable Date, we did not experience fluctuations in our packaging materials and raw materials costs that had a material adverse impact on our results of operations or gross profit margins.

- *Packaging materials*. For the years ended 31 December 2012, 2013 and 2014, our cost of packaging materials accounted for 38.1%, 36.3% and 38.2% of the total cost of sales, respectively. The factors affecting our cost of packaging materials during the Track Record Period included our temporary slowdown of production from May to July 2013, the upgrade of the packaging configuration of our Golden Throat Lozenges (OTC) in August 2013 and the launch of new sugar-free flavours of our Golden Throat Lozenge Series Products in January 2013, namely, the flavours of orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊) and American ginseng (西洋參) of this series products. We decreased the quantity of lozenges from 20 lozenges per box to 12 lozenges per box in the new Golden Throat Lozenges (OTC), which resulted in a higher cost of packaging materials per lozenge. The new sugar-free flavours of Golden Throat Lozenge Series Products are offered in metal boxes, representing a higher cost as compared to paper boxes we used to pack Golden Throat Lozenges (OTC).

- *Raw materials*. For the years ended 31 December 2012, 2013 and 2014, our cost of raw materials accounted for 31.0%, 25.4% and 24.4% of the total cost of sales, respectively. The factors affecting our cost of raw materials during the Track Record Period included our temporary slowdown of production from May to July 2013, the fluctuation in the prices of certain raw materials we consumed and the change of packaging configuration of our Golden Throat Lozenges (OTC). The price of sugar in general decreased during the Track Record Period. In addition, our upgrade of the packaging configuration of Golden Throat Lozenges (OTC) from 20 lozenges per box to 12 lozenges per box also contributed to a lower cost of raw materials per box. In 2013, we commenced the use of isomalt (異麥芽酮糖醇) as a substitute for sugar to manufacture our sugar-free lozenge products, which represented a higher unit cost per tonne as compared to lozenge products that contain sugar.

Seasonality

We generally achieve higher sales of our products both in absolute terms and also as a percentage of our total revenue in the winter when Chinese consumers are more likely to experience pharyngitis symptoms. As such, our revenue in the fourth quarter generally accounts for a higher percentage of our full year revenue as compared to any of the other quarters. Revenue in the fourth quarter accounted for 19.3%, 41.2% and 27.9% of our total revenue in 2012, 2013 and 2014, respectively. We recorded a relatively lower amount of revenue in the fourth quarter of 2012, primarily due to decreased purchases of Golden Throat Lozenges (OTC) in the old packaging configuration by our distributors during this period as we informed our distributors in the fourth quarter of 2012 that we intended to launch such product in the new packaging configuration in 2013. In the fourth quarter of 2012, we did not finalise, nor did we inform our distributors, a definitive schedule with respect to the launch of Golden Throat Lozenges (OTC) in the new packaging configuration. As such, certain distributors placed less orders to purchase our Golden Throat Lozenges (OTC) in the old packaging configuration in the fourth quarter of 2012 in anticipation of the proposed launch of such product in the new packaging configuration, although we launched it in August 2013. Our revenue in the fourth quarter of 2013 accounted for 41.2% of our total revenue in the same year, primarily due to the strong market demand for our Golden Throat Lozenges (OTC) in the new packaging configuration, which were launched in August 2013 following a slowdown of production from May to July 2013 and lower sales in the second and third quarters of the same year, during the period of which the inventory accumulation of the same product in the old packaging configuration was significantly reduced. Taking into consideration of our temporary slowdown of production from May to July 2013, we believe that our revenue in the fourth quarter of 2013 as a percentage of the total revenue in the same year is not indicative of our future results or directly comparable to our revenue in the fourth quarter of other years as percentage of the total revenue in the respective years. Our revenue in the fourth quarter of 2014 accounted for 27.9% of our total revenue in the same year, which was higher than any of the other three quarters which were 23.7%, 22.7% and 25.7%, respectively.

DESCRIPTION OF PRINCIPAL CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ITEMS

Revenue

Our revenue consists primarily of sales of our Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products. During the Track Record Period, we also offered a small portion of other products, such as Yinxingye Tablet (銀杏葉片), other pharmaceutical products and other food products.

The table below sets forth, for the periods indicated, a breakdown of our revenue.

	Year ended 31 December					
	2012		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Golden Throat Lozenges (OTC)						
in old packaging configuration[(1)]	543,370	92.4%	275,267	50.2%	–	–
in new packaging configuration[(2)]	–	–	231,764	42.2%	549,501	90.6%
Subtotal	543,370	92.4%	507,031	92.4%	549,501	90.6%
Golden Throat Lozenge Series Products[(3)]	30,586	5.2%	31,446	5.7%	36,717	6.1%
Others[(4)]	13,846	2.4%	10,380	1.9%	20,583	3.3%
Total	587,802	100.0%	548,857	100.0%	606,801	100.0%

Notes:

(1) *Contains 20 lozenges per box.*

(2) *Contains 12 lozenges per box.*

(3) *Consists of Dule Lozenges (都樂含片), sugar-free Dule Lozenges and sugar-free flavours of orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊) and American ginseng (西洋參) of this series products.*

(4) *Others include mainly Yinxingye Tablet (銀杏葉片), other pharmaceutical products and other food products. For details of our other products, please refer to the section headed "Business – Our Products – Other Products" in this prospectus. In 2014, our revenue generated from others also included revenue of RMB8.3 million contributed by Weikete from May to December 2014 when it was our subsidiary.*

During the Track Record Period, in line with our strategy to diversify our product portfolio and enhance customer recognition of our Golden Throat Lozenge Series Products, we launched new sugar-free flavours and further developed and enhanced our distribution network for food products. As a result, the revenue contribution by our Golden Throat Lozenge Series Products gradually increased. For the years ended 31 December 2012, 2013 and 2014, our sales of Golden Throat Lozenges (OTC) accounted for 92.4%, 92.4% and 90.6% of our total revenue, respectively, and our sales of Golden Throat Lozenge Series Products accounted for 5.2%, 5.7% and 6.1% of our total revenue, respectively.

During the Track Record Period, we also offered a small amount of sales rebates to our distributors in the forms of cash and free products. Sales rebates in the form of cash are recorded as an offset to revenue in the same year when such revenue is recognised. With respect to sales rebates in the form of free products, we typically offer certain free products if a purchase order placed by a distributor meets a prescribed target. We record the cost of sales of the relevant free products in profit or loss, while the revenue recognised on such free products is nil. We also record the value-added taxes at a rate of 17% payable by us on the free products as part of our selling and distribution expenses. In addition, the volume of the relevant free products are calculated as part of our sales volume, and therefore the average selling price of our products is affected by the volume of free products we provide to our distributors in a given period. For details of the sales rebates, please refer to the section headed "Business – Sales, Marketing and Distribution – Relationships with Distributors" in this prospectus.

As compared with our original distribution system prior to 2013, we have granted a higher level of sales rebate under the refined distribution system implemented since 2013. For a detailed comparison between our original distribution system and refined distribution system, please refer to the section headed "Business – Sales, Marketing and Distribution – Distribution network and infrastructure – Our refined distribution network" in this prospectus. The table below sets forth, for the periods indicated, the sales rebate that we granted to our distributors in relation to the sale of Golden Throat Lozenges (OTC).

	Year ended 31 December					
	2012		2013		2014	
	RMB'000	% of sales revenue	RMB'000	% of sales revenue	RMB'000	% of sales revenue
Golden Throat Lozenges (OTC)						
in old packaging configuration	5,394	1%	3,000	1%	–	–
in new packaging configuration	–	–	10,930	5%	34,778	6%

The table below sets forth, for the periods indicated, the sales volume, ASP and gross profit margin of our major products.

	Year ended 31 December														
	2012					2013					2014				
	Sales volume[1]		ASP		Gross profit margin	Sales volume[1]		ASP		Gross profit margin	Sales volume[1]		ASP		Gross profit margin
	Million boxes	Million lozenges	RMB per box	RMB per lozenge	%	Million boxes	Million lozenges	RMB per box	RMB per lozenge	%	Million boxes	Million lozenges	RMB per box	RMB per lozenge	%
Golden Throat Lozenges (OTC)															
in old packaging configuration[2]	128.5	2,570.0	4.2	0.21	66.8	68.5	1,370.0	4.0	0.20	67.1	–	–	–	–	–
in new packaging configuration[3]	–	–	–	–	–	52.1	625.2	4.4	0.37	72.2	127.0	1,524.0	4.3	0.36	74.3
Subtotal/Weighted average	128.5	2,570.0	4.2	0.21	66.8	120.6	1,995.2	4.2	0.25	69.4	127.0	1,524.0	4.3	0.36	74.3
Golden Throat Lozenge Series Products[4]	7.4	88.8	4.2	0.34	45.2	7.1	85.2	4.4	0.37	43.9	9.0	108.0	4.1	0.34	46.6

Notes:

(1) Includes free products and samples provided to our distributors as part of our sales rebate mechanism.

(2) Contains 20 lozenges per box.

(3) Contains 12 lozenges per box.

(4) Consists of Dule Lozenges (都樂含片), sugar-free Dule Lozenges and sugar-free flavours of orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊) and American ginseng (西洋參) flavour.

Sales volume. The sales volume of Golden Throat Lozenges (OTC) in the old packaging configuration decreased from 128.5 million boxes in 2012 to 68.5 million boxes in 2013, primarily because we substantially ceased production of Golden Throat Lozenges (OTC) in the old packaging configuration in May 2013. We did not sell Golden Throat Lozenges (OTC) in the new packaging configuration until August 2013. The sales volume of Golden Throat Lozenges (OTC) in the new packaging configuration increased from 52.1 million boxes in 2013 to 127.0 million boxes in 2014.

The sales volume of Golden Throat Lozenges Series Products decreased from 7.4 million boxes in 2012 to 7.1 million boxes in 2013, primarily because we devoted more resources to promoting Golden Throat Lozenges (OTC) in the new packaging configuration in 2013. The sales volume of Golden Throat Lozenges Series Products increased from 7.1 million boxes in 2013 to 9.0 million boxes in 2014, primarily driven by increased market recognition of this series products.

Averaging selling price. The average selling price of Golden Throat Lozenges (OTC) in the old packaging configuration decreased from RMB4.2 per box in 2012 to RMB4.0 per box in 2013, primarily due to our efforts to sell the remaining inventory of such products by offering favourable prices to some of our distributors in 2013. The average selling price of Golden Throat Lozenges (OTC) in the new packaging configuration slightly decreased from RMB4.4 per box in 2013 to RMB4.3 per box in 2014, primarily because we offered more sales rebates to our distributors in 2014 to encourage them to settle the purchase prices before our delivery of products.

The average selling price of Golden Throat Lozenges Series Products increased from RMB4.2 per box in 2012 to RMB4.4 per box in 2013, primarily because we launched a number of sugar-free new flavours of this series products in January 2013, which represented a higher average selling price as compared to the Dule Lozenges (都樂含片) sold in 2012. The average selling price of Golden Throat Lozenges Series Products decreased from RMB4.4 per box in 2013 to RMB4.1 per box in 2014, primarily because we offered more sales rebates to our distributors to promote sales of this series products in 2014.

Cost of Sales

Our cost of sales consists primarily of cost of packaging materials, labour costs, cost of raw materials, depreciation and other cost relating to our production of Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and other products.

The table below sets forth, for the periods indicated, the components of our cost of sales and the components as a percentage of total cost of sales.

	Year ended 31 December					
	2012		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Packaging materials	79,985	38.1%	66,151	36.3%	67,588	38.2%
Labour costs	50,369	24.0%	54,950	30.2%	51,836	29.2%
Raw materials	65,128	31.0%	46,185	25.4%	43,096	24.4%
Depreciation	5,746	2.7%	6,338	3.5%	5,781	3.3%
Other costs	8,957	4.2%	8,370	4.6%	8,592	4.9%
Total	210,185	100.0%	181,994	100.0%	176,893	100.0%

Packaging materials. A major component of our cost of sales is cost of packaging materials. Our packaging materials accounted for 38.1%, 36.3% and 38.2% of our total cost of sales in 2012, 2013 and 2014, respectively. The decrease in our cost of packaging materials as a percentage of our cost of sales in 2013 was primarily driven by a decrease in the volume of packaging materials we consumed in 2013 due to the temporary slowdown of production in our manufacturing facility from May to July 2013. However, our cost of packaging materials increased as a percentage of our cost of sales in 2014, primarily due to the change of the packaging configuration of Golden Throat Lozenges (OTC) from 20 lozenges per box to 12 lozenges per box, which resulted in a higher unit packaging cost per lozenge.

Labour costs. Our labour costs accounted for 24.0%, 30.2% and 29.2% of our total cost of sales in 2012, 2013 and 2014, respectively. The increase in our labour costs as a percentage of our cost of sales in 2013 was primarily driven by increased social welfare expenses paid to our staff in 2013 (such expenses were linked to the wages of our employees, as required by the applicable PRC regulations). The decrease in our labour costs as a percentage of our cost of sales in 2014 was primarily due to fewer staff we had for product packaging in connection with our manufacturing of Golden Throat Lozenges (OTC) in the new packaging configuration as a result of our adoption of automatic packing machines in the second half of 2013.

Raw materials. Our raw materials accounted for 31.0%, 25.4% and 24.4% of our total cost of sales in 2012, 2013 and 2014, respectively. The decrease in our cost of raw materials as a percentage of our cost of sales in 2013 was primarily driven by (i) a decrease in the unit cost of sugar as a result of its decreased market price and (ii) a decrease in the volume of raw materials we consumed in 2013 due to the temporary slowdown of production in our manufacturing facility from May to July 2013 and our adoption of the new packaging configuration for Golden Throat Lozenges (OTC) with a smaller quantity in each box. The decrease in our cost of raw materials as a percentage of our cost of sales in 2014 was primarily driven by lower volume of raw materials we have consumed due to our adoption of the new packaging configuration of Golden Throat Lozenges (OTC) with a smaller quantity in each box.

Depreciation. Our depreciation costs accounted for 2.7%, 3.5% and 3.3% of our total cost of sales in 2012, 2013 and 2014, respectively. The increase in our depreciation costs as a percentage of our cost of sales in 2013 was primarily driven by depreciation incurred in connection with automatic packing machines that we have purchased and used since the second half of 2013. Our depreciation costs as a percentage of our cost of sales in 2013 and 2014 remained relatively stable in 2013 and 2014.

Other costs. Our other costs primarily include utility costs, maintenance fees and other miscellaneous costs.

The table below sets forth, for the periods indicated, the cost of sales by product category and the cost of sales as a percentage of our total cost of sales.

	Year ended 31 December					
	2012		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Golden Throat Lozenges (OTC)						
in old packaging configuration[(1)]	180,554	85.9%	90,477	49.7%	–	–
in new packaging configuration[(2)]	–	–	64,531	35.5%	141,010	79.7%
Subtotal	180,554	85.9%	155,008	85.2%	141,010	79.7%
Golden Throat Lozenge Series Products[(3)]	16,769	8.0%	17,646	9.7%	19,604	11.1%
Others[(4)]	12,862	6.1%	9,340	5.1%	16,279	9.2%
Total	210,185	100.0%	181,994	100.0%	176,893	100.0%

Notes:

(1) Contains 20 lozenges per box.

(2) Contains 12 lozenges per box.

(3) Consists of Dule Lozenges (都樂含片), sugar-free Dule Lozenges and sugar-free flavours of orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊) and American ginseng (西洋參) of this series products.

(4) Others include mainly Yinxingye Tablet (銀杏葉片), other pharmaceutical products and other food products. For details of our other products, please refer to the section headed "Business – Our Products – Other Products" in this prospectus. In 2014, our cost of sales recorded under the category of others also included cost of sales of RMB6.9 million incurred by Weikete from May to December 2014 when it was our subsidiary.

Gross Profit

Gross profit represents the excess of revenue over cost of sales. The table below sets forth, for the periods indicated, the gross profit by product category and the percentage of our total gross profit by product category.

	Year ended 31 December					
	2012		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Golden Throat Lozenges (OTC)						
in old packaging configuration[(1)]	362,816	96.1%	184,790	50.4%	–	–
in new packaging configuration[(2)]	–	–	167,233	45.6%	408,491	95.0%
Subtotal	362,816	96.1%	352,023	96.0%	408,491	95.0%
Golden Throat Lozenge Series Products[(3)]	13,817	3.7%	13,800	3.8%	17,113	4.0%
Others[(4)]	984	0.2%	1,040	0.2%	4,034	1.0%
Total	377,617	100.0%	366,863	100.0%	429,908	100.0%

Notes:

(1) Contains 20 lozenges per box.

(2) Contains 12 lozenges per box.

(3) Consists of Dule Lozenges (都樂含片), sugar-free Dule Lozenges and sugar-free flavours of orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊) and American ginseng (西洋參) of this series products.

(4) Others include mainly Yinxingye Tablet (銀杏葉片), other pharmaceutical products and other food products. For details of our other products, please refer to the section headed "Business – Our Products" in this prospectus. In 2014, gross profit generated from others also included gross profit of RMB1.4 million contributed by Weikete from May to December 2014 when it was our subsidiary.

The table below sets forth, for the periods indicated, the gross profit margin of our key product categories, as well as the gross margin of our overall business.

	Year ended 31 December		
	2012	2013	2014
Golden Throat Lozenges (OTC)			
in old packaging configuration[(1)]	66.8%	67.1%	–
in new packaging configuration[(2)]	–	72.2%	74.3%
Weighted average	66.8%	69.4%	74.3%
Golden Throat Lozenge Series Products[(3)]	45.2%	43.9%	46.6%
Overall	64.2%	66.8%	70.8%

Notes:

(1) Contains 20 lozenges per box.

(2) Contains 12 lozenges per box.

(3) Consists of Dule Lozenges (都樂含片), sugar-free Dule Lozenges and sugar-free flavours of orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊) and American ginseng (西洋參) of this series products.

Our Golden Throat Lozenges (OTC) in the old packaging configuration had a relatively stable gross profit margin of 66.8% and 67.1% in 2012 and 2013, respectively. We did not sell any Golden Throat Lozenges (OTC) in the old packaging configuration in 2014. The gross profit margin of our Golden Throat Lozenges (OTC) in the new packaging configuration increased from 72.2% in 2013 to 74.3% in 2014, primarily due to less economies of scale we achieved in 2013, as we only commenced bulk production and sales of such product in August 2013.

Our Golden Throat Lozenges (OTC) in the new packaging configuration in general represented a higher gross profit margin as compared to the same product in the old packaging configuration. This higher gross profit margin was primarily driven by a higher average selling price per lozenge for such product under the new packaging configuration, the effects of which were partially offset by an increase in the unit cost of sales per lozenge as a result of the increased unit cost of packaging materials per lozenge. In addition, fewer staff were used for product packaging since our adoption of automatic packing machines in the second half of 2013 for the manufacturing of Golden Throat Lozenges (OTC) in the new packaging configuration.

The gross profit margin of our Golden Throat Lozenges Series Products decreased from 45.2% in 2012 to 43.9% in 2013, primarily because we launched a number of new sugar-free flavours of this product category in January 2013, consisting of flavours of orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊) and American ginseng (西洋參), which had a higher cost basis due to the use of isomalt (異麥芽酮糖醇) as a substitute for sugar. The gross profit margin of our Golden Throat Lozenges Series Products increased from 43.9% in 2013 to 46.6% in 2014, primarily due to (i) a lower unit cost of raw materials resulting from our launch of the Dule Lozenges (都樂含片) in the new packaging configuration in January 2014, which decreased the quantity of lozenges from 20 lozenges per box to 12 lozenges per box, and (ii) a higher average selling price of the Dule Lozenges (都樂含片) in the new packaging configuration offered by us. The effects of these increases were partially offset by a higher unit packaging cost per lozenge as a result of the adoption of the new packaging configuration.

During the Track Record Period, the gross profit margin of our Golden Throat Lozenge Series Products was in general significantly lower than that of our Golden Throat Lozenges (OTC), primarily because (i) a majority of our Golden Throat Lozenges Series Products were sugar-free products, which had a higher cost basis as compared to Golden Throat Lozenges (OTC) due to the use of isomalt (異麥芽酮糖醇) as a substitute for sugar, (ii) we priced our Golden Throat Lozenge Series Products competitively to provide a higher profit margin to our distributors so as to capture a greater market share, (iii) we achieved a lower level of economies of scale, as most of the sugar-free flavours of Golden Throat Lozenge Series Products were only launched in 2013, and (iv) our Golden Throat Lozenge Series Products were manufactured by our wholly-owned subsidiary Golden Throat Health Food, which was recognised as a social welfare enterprise according to the applicable PRC regulations due to our employment of staff with disabilities. We needed to employ more employees with disabilities as compared with employees without disabilities to do the same job. However, our labour cost was partially offset by a partial refund of value-added taxes we received from the government due to our status as a social welfare enterprise. For details of the tax refund, please refer to the subsection headed "– Other Income and Gains" below.

Other Income and Gains

Our other income and gains primarily consist of government grants, investment income from available-for-sale investments, bank interest income, rental income, gain on disposal of items of property, plant and equipment, gain on bargain purchase of a subsidiary, gain on transfer of funding right of Golden Throat Football School, gain on disposal of a subsidiary, gain on disposal of prepaid land lease payments and others.

The table below sets forth, for the periods indicated, a breakdown of our other income and gains.

	Year ended 31 December					
	2012		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Government grants	12,646	86.2%	11,797	74.8%	11,334	62.1%
Investment income from available-for-sale investments	–	–	2,411	15.3%	792	4.3%
Bank interest income	1,170	8.0%	866	5.5%	730	4.0%
Rental income	66	0.4%	88	0.6%	100	0.5%
Gain on disposal of items of property, plant and equipment	235	1.6%	–	–	–	–
Gain on bargain purchase of a subsidiary	–	–	–	–	3,442	18.9%
Gain on transfer of funding right of Golden Throat Football School	–	–	–	–	473	2.6%
Gain on disposal of a subsidiary	–	–	–	–	546	3.0%
Gain on disposal of prepaid land lease payments	–	–	–	–	218	1.2%
Others	551	3.8%	604	3.8%	615	3.4%
Total	14,668	100.0%	15,766	100.0%	18,250	100.0%

Our government grants primarily consisted of (i) subsidies to allow us to enjoy an interest rate lower than the benchmark interest rate in the PRC on our bank borrowings, on the basis that our Golden Throat Lozenges (OTC) were recognised as an ethnic minority product, (ii) a partial refund of value-added taxes, which is capped at RMB35,000 per disabled person per year, on the basis that our wholly-owned subsidiary Golden Throat Health Food was recognised as a social welfare enterprise according to the applicable PRC regulations, and (iii) subsidies from the local government of Xincheng County in Laibin, Guangxi Zhuang Autonomous Region for the purpose of compensating us for expenses arising from our operations in Laibin, Guangxi Zhuang Autonomous Region.

Our investment income from available-for-sale investments primarily represents income derived from our purchases of short-term investment products. We have adopted a strict investment policy, under which we carefully assess the amount of cash that we need for operative and liquidity purposes and make budgets accordingly. We purchase short-term investment products only when our internal cash flow and liquidity forecast indicate that we have sufficient capital resources for our operating activities and our capital expenditure. For details of our purchase of short-term investment products, please refer to the subsection headed "– Liquidity and Capital Resources – Cash Flows – Net cash used in investing activities" below.

Our bank interest income primarily represents income derived from our bank deposits. Our rental income represents income derived from our leasing of certain properties to Independent Third Parties. Our gain arising from bargain purchase of a subsidiary primarily represents gain on our acquisition of a 95.6% equity interest in Weikete in May 2014. During the Track Record Period, we provided fundings to support Golden Throat Football School. As we do not intend to continue such practice after the Listing, we transferred the funding right to a related party and recorded gain on transfer of funding right of Golden Throat Football School in 2014. Our gain on disposal of a subsidiary represents gain derived from our disposal of a 95.6% equity interest in Weikete in December 2014. Our gain on disposal of prepaid land lease payments represents gain derived from our disposal of certain land use rights to Guangxi Peizhen Investment Consulting Co., Ltd., a related party, in 2014.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) advertising expenses, primarily relating to media advertisement campaigns launched by us, including fees paid to our brand celebrity endorsements, (ii) promotion expenses, primarily relating to on-site and other promotional activities organised by us as well as by our external promoters and promotional service fees we paid to such promoters, (iii) transportation expenses for delivery of products to our distributors, (iv) employee benefit expenses for employees involved in selling and distribution activities, (v) travel and office expenses, (vi) marketing expenses, primarily representing the value-added taxes at a rate of 17% payable by us on the free products we provide to our distributors as part of our sales rebate mechanism, and (vii) other miscellaneous expenses.

The table below sets forth, for the periods indicated, a breakdown of our selling and distribution expenses.

	Year ended 31 December					
	2012		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Advertising expenses	126,709	63.3%	165,967	72.1%	141,141	66.2%
Promotion expenses	61,572	30.7%	46,714	20.3%	54,081	25.4%
Transportation expenses	6,241	3.1%	8,601	3.7%	7,308	3.4%
Employee benefit expenses	2,701	1.3%	3,064	1.3%	3,815	1.8%
Travel and office expenses	1,260	0.6%	1,372	0.6%	1,546	0.7%
Marketing expenses	555	0.3%	2,666	1.2%	3,003	1.4%
Others	1,220	0.7%	1,726	0.8%	2,392	1.1%
Total	200,258	100.0%	230,110	100.0%	213,286	100.0%

Administrative Expenses

Our administrative expenses primarily consist of (i) salary and welfare expenses for management and administrative personnel, (ii) travel and office expenses, (iii) research and development costs, (iv) depreciation and amortisation costs relating to our office equipment, (v) amortisation of land use rights, (vi) professional services fees incurred for legal, tax and other services, (vii) listing expenses in connection with our proposed Listing on the Stock Exchange, and (viii) other miscellaneous expenses.

The table below sets forth, for the periods indicated, a breakdown of our administrative expenses.

	Year ended 31 December					
	2012		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Salary and welfare expenses	33,381	62.4%	30,301	63.6%	30,791	52.1%
Travel and office expenses	6,603	12.3%	6,409	13.4%	6,120	10.3%
Research and development cost	4,607	8.6%	2,917	6.1%	2,777	4.7%
Depreciation and amortisation	1,974	3.7%	1,713	3.6%	2,312	3.9%
Amortisation of land use rights	569	1.1%	569	1.2%	569	1.0%
Professional service fees	3,140	5.9%	1,619	3.4%	3,610	6.1%
Listing expenses	–	–	–	–	9,314	15.8%
Others	3,196	6.0%	4,146	8.7%	3,608	6.1%
Total	53,470	100.0%	47,674	100.0%	59,101	100.0%

Other Expenses

Our other expenses primarily consist of (i) donations to Golden Throat Football School and for other charity purposes, (ii) impairment of trade and other receivables, (iii) loss on disposal of items of property, plant and equipment, (iv) impairment of assets of a disposal group classified as held for sale relating to our proposed disposal of a 95.6% equity interest of Weikete, and (v) other miscellaneous expenses.

The table below sets forth, for the periods indicated, a breakdown of our other expenses.

	Year ended 31 December					
	2012		2013		2014	
	RMB'000	% of total	RMB'000	% of total	RMB'000	% of total
Donations	1,678	80.6%	2,146	31.2%	1,615	30.0%
Impairment of trade and other receivables	279	13.4%	4,437	64.5%	148	2.7%
Loss on disposal of items of property, plant and equipment	–	–	143	2.1%	764	14.2%
Impairment of assets of a disposal group classified as held for sale	–	–	–	–	2,575	47.7%
Others	126	6.0%	150	2.2%	293	4.4%
Total	2,083	100.0%	6,876	100.0%	5,395	100.0%

Finance Costs

Our finance costs primarily consist of interests on our bank loans. In 2014, we also paid discount charges to the relevant banks to receive cash on bank accepted bills prior to the respective maturity dates of such bills. These discount charges accounted for a small portion of our financial costs in 2014, whereas we did not record similar charges in 2012 or 2013.

Income Tax Expense

Our income tax expense primarily consists of profit tax charged on our PRC subsidiaries and deferred tax. As of the Latest Practicable Date and during the Track Record Period, we had paid all relevant taxes in accordance with tax regulations and did not have any disputes or unresolved tax issues with the relevant tax authorities.

The provision for PRC current income tax is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the EIT Law which became effective on 1 January 2008, except for certain subsidiaries of the Group in China which are granted tax concession and tax preferential treatment. Golden Throat Company and Golden Throat Pharmaceutical, which are our subsidiaries, are qualified as companies under the development strategy of China's western region and are able to enjoy a preferential income tax rate of 15% during the Track Record Period. Such preferential treatment is expected to be effective until 2020.

The table below sets forth, for the periods indicated, a breakdown of our income tax expense.

	Year ended 31 December		
	2012	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**
Current tax:			
Income tax charge	24,345	25,070	35,211
Deferred tax	1,313	(2,745)	(83)
Total tax charge for the year	25,658	22,325	35,128

The table below sets forth, for the periods indicated, a reconciliation of our tax expense applicable to profit before tax using the statutory rate in the PRC to our tax expense at the effective tax rates.

	Year ended 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Profit before tax	128,502	92,243	156,838
At the PRC's statutory income tax rate of 25%	32,125	23,060	39,210
Preferential income tax rates applicable to our subsidiaries	(11,520)	(8,764)	(14,081)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	–	–	79
Expenses not deductible for tax	5,790	8,925	10,666
Income not subject to tax	–	–	(997)
Additional deductible allowance for the payroll of disabled employees	(744)	(896)	(796)
Tax losses not recognised	7	–	1,047
Tax charge at the Group's effective rate	25,658	22,325	35,128

Our effective tax rates were 20.0%, 24.2% and 22.4% in 2012, 2013 and 2014, respectively. Our effective tax rate in 2013 was higher than 2012 and 2014, primarily due to the relatively larger amounts of expenses not deductible for tax purposes and lower profit before tax in 2013. We recorded a lower profit before tax in 2013, primarily driven by our lower revenue due to the short-term impact arising from our launch of Golden Throat Lozenges (OTC) in the new packaging configuration in August 2013 and higher selling and distribution expenses incurred in connection with the launch of such product. Under the applicable PRC regulations, the deductible amount of advertising and promotional expenses for tax purposes cannot exceed a certain percentage of annual sales revenue. Expenses may only be deducted when the official receipts for such expenses are issued. We incurred certain advertising and promotional expenses in 2013 but did not receive the official receipts for those expenses until 2014. Such expenses were only deductible in 2014. Due to the fact that we had already exceeded the maximum deductible limit in that year, part of the expenses became non-deductible expenses.

RESULTS OF OPERATIONS

The table below sets out our audited consolidated statements of comprehensive income for the years ended 31 December 2012, 2013 and 2014, which are derived from the Accountants' Report as set out in Appendix I to this prospectus.

	Year ended 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Revenue	587,802	548,857	606,801
Cost of sales	(210,185)	(181,994)	(176,893)
Gross profit	377,617	366,863	429,908
Other income and gains	14,668	15,766	18,250
Selling and distribution expenses	(200,258)	(230,110)	(213,286)
Administrative expenses	(53,470)	(47,674)	(59,101)
Other expenses	(2,083)	(6,876)	(5,395)
Finance costs	(7,972)	(5,726)	(13,538)
Profit before tax	128,502	92,243	156,838
Income tax expense	(25,658)	(22,325)	(35,128)
Profit and total comprehensive income for the year	102,844	69,918	121,710
Attributable to:			
Owners of the parent	102,844	69,918	121,893
Non-controlling interests	–	–	(183)
	102,844	69,918	121,710

YEAR TO YEAR COMPARISON OF RESULTS OF OPERATIONS

Year ended 31 December 2014 compared with year ended 31 December 2013

Revenue

Our total revenue increased by RMB57.9 million, or 10.5%, from RMB548.9 million in 2013 to RMB606.8 million in 2014. The increase was primarily due to increases in the revenue derived from our sales of Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and other products.

Golden Throat Lozenges (OTC). Revenue derived from our sales of Golden Throat Lozenges (OTC), our best-selling product, increased by RMB42.5 million, or 8.4%, from RMB507.0 million in 2013 to RMB549.5 million in 2014. Such increase primarily reflected our increased sales of Golden Throat Lozenges (OTC) in the new packaging configuration from RMB231.8 million in 2013 to RMB549.5 million in 2014, as we only commenced bulk production and sales of such product in August 2013. This increase also reflected such product's increased market recognition, primarily as a result of our marketing efforts. The effects of such increased sales were partially offset by our decreased sales of Golden Throat

Lozenges (OTC) in the old packaging configuration from RMB275.3 million in 2013 to nil in 2014. We substantially ceased our manufacturing and distribution of Golden Throat Lozenges (OTC) in the old packaging configuration in May 2013. The sales volume of our Golden Throat Lozenges (OTC) in the new packaging configuration increased from 52.1 million boxes in 2013 to 127.0 million boxes in 2014, and the average selling price of such product slightly decreased from RMB4.4 per box in 2013 to RMB4.3 per box in 2014. The sales volume of our Golden Throat Lozenges (OTC) in the old packaging configuration was 68.5 million boxes in 2013, and the average selling price of such product was RMB4.0 per box during the same year. As a result of the foregoing, the total sales volume of our Golden Throat Lozenges (OTC) decreased from 1,995.2 million lozenges in 2013 to 1,524.0 million lozenges in 2014, and the average selling price of such product increased from RMB0.25 per lozenge in 2013 to RMB0.36 per lozenge in 2014.

Golden Throat Lozenge Series Products. Revenue derived from our sales of Golden Throat Lozenge Series Products increased by RMB5.3 million, or 16.9%, from RMB31.4 million in 2013 to RMB36.7 million in 2014. Such increase primarily reflected our increased sales of sugar-free flavours of this series products as a result of the increased market recognition of our sugar-free lozenges within this series products, and increased sales of Dule Lozenges (都樂含片) as a result of our marketing efforts. The sales volume of our Golden Throat Lozenge Series Products increased from 7.1 million boxes, or 85.2 million lozenges, in 2013 to 9.0 million boxes, or 108.0 million lozenges, in 2014, while the average selling price of such product decreased from RMB4.4 per box, or RMB0.37 per lozenge, in 2013 to RMB4.1 per box, or RMB0.34 per lozenge, in 2014.

Others. Revenue derived from our sales of other products increased by RMB10.2 million, or 98.1%, from RMB10.4 million in 2013 to RMB20.6 million in 2014, primarily due to revenue generated by Weikete of RMB8.3 million from May to December 2014 when it was one of our subsidiaries and our increased efforts to diversify our product portfolio. We completed the acquisition of a 95.6% equity interest in Weikete on 29 May 2014 and the disposal of the same equity interest in Weikete on 29 December 2014. For details of our acquisition and disposal of the equity interest in Weikete, please refer to the section headed "History and Development – Reorganisation – Reasons for not including certain business in the Group" in this prospectus.

Cost of sales

Our total cost of sales decreased by RMB5.1 million, or 2.8%, from RMB182.0 million in 2013 to RMB176.9 million in 2014. The decrease was primarily due to decreases in (i) the cost of raw materials, primarily driven by lower volume of raw materials consumed due to our change of the packaging configuration of Golden Throat Lozenges (OTC) from 20 lozenges per box to 12 lozenges per box, and (ii) labour costs, primarily driven by fewer staff we had for product packaging in connection with our manufacturing of Golden Throat Lozenges (OTC) in the new packaging configuration as a result of our adoption of automatic packing machines in the second half of 2013.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by RMB63.0 million, or 17.2%, from RMB366.9 million in 2013 to RMB429.9 million in 2014. Our gross profit margin increased from 66.8% in 2013 to 70.8% in 2014, primarily because a higher proportion of our revenue was derived from our sales of Golden Throat Lozenges (OTC) in the new packaging configuration, which had a higher gross profit margin as compared to Golden Throat Lozenges (OTC) in the old packaging configuration. The higher gross profit margin of Golden Throat Lozenges (OTC) in the new packaging configuration was primarily driven by a lower unit cost of raw materials per box in line with the decreased quantity of lozenges from 20 lozenges per box to 12 lozenges per box, while we charged a higher average selling price per box.

Other income and gains

Our other income and gains increased by RMB2.5 million, or 15.8%, from RMB15.8 million in 2013 to RMB18.3 million in 2014. The increase was primarily due to a gain on bargain purchase of a subsidiary arising from our acquisition of a 95.6% equity interest in Weikete, whereas we did not record a similar gain in 2013, the effects of which were partially offset by a decrease in investment income from available-for-sale investments, primarily because we purchased a lesser amount of short-term investment products in 2014.

Selling and distribution expenses

Selling and distribution expenses decreased by RMB16.8 million, or 7.3%, from RMB230.1 million in 2013 to RMB213.3 million in 2014. The decrease was primarily due to a decrease in advertising expenses, primarily because we launched more advertising campaigns in 2013 when we first introduced Golden Throat Lozenges (OTC) in the new packaging configuration. The effects of this decrease were partially offset by an increase in our promotion expenses, primarily driven by more on-site and other promotional activities launched by us and our external promoters for the sales of Golden Throat Lozenges (OTC) in the new packaging configuration in 2014.

Administrative expenses

Administrative expenses increased by RMB11.4 million, or 23.9%, from RMB47.7 million in 2013 to RMB59.1 million in 2014. The increase was primarily due to listing expenses recorded in 2014 in connection with our proposed Listing on the Stock Exchange and increases in professional service fees and depreciation and amortisation expenses.

Other expenses

Other expenses decreased by RMB1.5 million, or 21.7%, from RMB6.9 million in 2013 to RMB5.4 million in 2014. The decrease was primarily due to a decrease in impairment of trade and other receivables, as a lower amount of receivables from our distributors were considered not recoverable by our management in 2014, which was primarily attributable to our continuous efforts to improve our distributorship system and manage our trade receivables balance by gradually encouraging our distributors to settle the purchase prices before our delivery of products. The foregoing effects were, however, partially offset by an impairment of assets of a disposal group classified as held for sale of RMB2.6 million relating to our proposed disposal of a 95.6% equity interest of Weikete in 2014, whereas we did not record a similar impairment in 2013.

Finance costs

Finance costs increased by RMB7.8 million, or 136.8%, from RMB5.7 million in 2013 to RMB13.5 million in 2014. The increase was primarily due to an increase in interest on bank loans as a result of our increased average balance of bank loans in 2014, and to a lesser extent, due to the discount charges we paid to the relevant banks to receive cash on bank accepted bills prior to the respective maturity dates of such bills in 2014, whereas we did not record similar charges in 2013.

Profit before tax

As a result of the aforesaid factors, our profit before tax increased by RMB64.6 million, or 70.1%, from RMB92.2 million in 2013 to RMB156.8 million in 2014.

Income tax expense

Income tax expense increased by RMB12.8 million, or 57.4%, from RMB22.3 million in 2013 to RMB35.1 million in 2014. The increase was primarily due to an increase in our taxable income in 2014. Our effective tax rates in 2013 and 2014 were 24.2% and 22.4%, respectively. For details relating to our higher effective tax rate in 2013, please refer to the subsection headed "– Description of Principal Consolidated Statements of Profit or Loss and Other Comprehensive Income Items – Income Tax Expense" above.

Profit for the year

As a result of the above factors, profit for the year increased by RMB51.8 million, or 74.1%, from RMB69.9 million in 2013 to RMB121.7 million in 2014.

Year ended 31 December 2013 compared with year ended 31 December 2012

Revenue

Our total revenue decreased by RMB38.9 million, or 6.6%, from RMB587.8 million in 2012 to RMB548.9 million in 2013. The decrease was mainly due to decreases in revenue derived from our sales of Golden Throat Lozenges (OTC) and other products, the effects of which were partially offset by an increase in revenue derived from our sales of Golden Throat Lozenge Series Products.

Golden Throat Lozenges (OTC). Revenue derived from our sales of Golden Throat Lozenges (OTC) decreased by RMB36.3 million, or 6.7%, from RMB543.4 million in 2012 to RMB507.0 million in 2013, primarily due to the short-term adverse impact arising from our launch of Golden Throat Lozenges (OTC) in the new packaging configuration in August 2013. As part of our strategy to increase our long-term revenue and profitability, we launched our Golden Throat Lozenges (OTC) in the new packaging configuration in August 2013 with a smaller quantity of lozenges per box, and we increased the per box wholesale and recommended retail prices of such product. In order to accelerate the customer acceptance of our Golden Throat Lozenges (OTC) in the new packaging configuration and reduce the inventory accumulation of the same product in its old packaging configuration in our distribution chain, we substantially ceased our manufacturing of Golden Throat Lozenges (OTC) in the old packaging configuration in May 2013. We also experienced a slowdown of production from May to July 2013 during which period we upgraded our production facilities, in particular, the packaging lines, for the purposes of manufacturing Golden Throat Lozenges (OTC) in the new packaging configuration. Prior to the launch of the new packaging configuration, certain distributors also placed fewer orders to purchase our Golden Throat Lozenges (OTC) in the old packaging configuration in anticipation of the proposed launch of the new packaging configuration. In addition, as the Golden Throat Lozenges (OTC) in the new packaging configuration represented higher per box wholesale and recommended retail prices, a considerable number of our distributors placed smaller orders with us before market acceptance of such product was proved. The sales volume of our Golden Throat Lozenges (OTC) in the old packaging configuration decreased from 128.5 million boxes in 2012 to 68.5 million boxes in 2013, and the average selling price of such product decreased from RMB4.2 in 2012 to RMB4.0 in 2013. The sales volume of our Golden Throat Lozenges (OTC) in the new packaging configuration in 2013 was 52.1 million boxes and the average selling price of such product was RMB4.4 per box. As a result of the foregoing, the total sales volume of our Golden Throat Lozenges (OTC) decreased from 2,570.0 million lozenges in 2012 to 1,995.2 million lozenges in 2013, and the average selling price of such product increased from RMB0.21 per lozenge in 2012 to RMB0.25 per lozenge in 2013.

Golden Throat Lozenge Series Products. Revenue derived from our sales of Golden Throat Lozenge Series Products increased by RMB0.8 million, or 2.8%, from RMB30.6 million in 2012 to RMB31.4 million in 2013. Such increase was primarily driven by our launch of new flavours of this series products, namely orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊) and American ginseng (西洋參) flavours in January 2013, the effects of which were partially offset by a decrease in sales of Dule Lozenges (都樂含片), primarily because we gradually reduced the manufacturing and distribution of such product in its old packaging configuration in 2013 in anticipation of our launch of such product in its new packaging configuration in January 2014. The sales volume of our Golden Throat Lozenge Series Products decreased from 7.4 million boxes, or 88.8 million lozenges, in 2012 to 7.1 million boxes, or 85.2 million lozenges, in 2013, and the average selling price of such product increased from RMB4.2 per box, or RMB0.34 per lozenge, in 2012 to RMB4.4 per box, or RMB0.37 per lozenge, in 2013.

Others. Revenue derived from our sales of other products decreased by RMB3.4 million, or 25.0%, from RMB13.8 million in 2012 to RMB10.4 million in 2013, primarily due to a decrease in sales of Yinxingye Tablet (銀杏葉片) as a result of intense market competition in 2013 and less sales efforts we devoted to promote such product in 2013.

Cost of sales

Our total cost of sales decreased by RMB28.2 million, or 13.4%, from RMB210.2 million in 2012 to RMB182.0 million in 2013. The decrease was primarily due to (i) a decrease in the amount of packaging materials, which was primarily driven by a decrease in the overall sales volume of our Golden Throat Lozenges (OTC), (ii) a decrease in the volume of raw materials consumed as a result of our slowdown of production from May to July 2013 and the adoption of the new packaging configuration of Golden Throat Lozenges (OTC) with a smaller quantity of lozenges in each box in August 2013 and (iii) a decrease in the unit cost of sugar, which was mainly driven by its decreased market price. The effects of the foregoing, however, were partially offset by an increase in labour costs, primarily due to increased social welfare expenses paid for our staff in 2013.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit decreased by RMB10.7 million, or 2.8%, from RMB377.6 million in 2012 to RMB366.9 million in 2013. Our gross profit margin, however, increased from 64.2% in 2012 to 66.8% in 2013, primarily due to (i) our change of the packaging configuration of Golden Throat Lozenges (OTC) from 20 lozenges per box to 12 lozenges per box since August 2013, which had a higher average wholesale price per box and a lower volume of raw materials per box consumed as compared to the old Golden Throat Lozenges (OTC) and (ii) a decrease in the unit cost of sugar, which was mainly driven by its decreased market price in 2013.

Other income and gains

Our other income and gains increased by RMB1.1 million, or 7.5%, from RMB14.7 million in 2012 to RMB15.8 million in 2013. The increase was primarily due to an increase of RMB2.4 million in investment income from available-for-sale investments, which was primarily driven by our increased investments in short-term investment products in 2013. The effects of the foregoing, however, were partially offset by a decrease of RMB0.8 million in government grants received by us, and a decrease of RMB0.3 million in bank interest income, as we placed more cash in investment products instead of time deposits.

Selling and distribution expenses

Selling and distribution expenses increased by RMB29.8 million, or 14.9%, from RMB200.3 million in 2012 to RMB230.1 million in 2013. The increase was primarily due to increases in (i) advertising expenses in line with more advertising campaigns launched by us to promote the sales of Golden Throat Lozenges (OTC) in the new packaging configuration,

(ii) transportation expenses for delivery of our products to distributors, as the new packaging configuration of our Golden Throat Lozenges (OTC) required a larger unit space for transportation purposes, and when our distributors were assessing the market recognition of our Golden Throat Lozenges (OTC) in the new packaging configuration, our delivery of such products to distributors became more frequent following orders with lower purchase volume per order but more frequently placed with us, and (iii) marketing expenses, as we provided more free products to our distributors in 2013 to promote our Golden Throat Lozenges (OTC) in the new packaging configuration. The effects of the foregoing, however, were partially offset by a decrease in promotion expenses, primarily due to our focus on advertising campaigns to market our products in 2013.

Administrative expenses

Administrative expenses decreased by RMB5.8 million, or 10.8%, from RMB53.5 million in 2012 to RMB47.7 million in 2013. The decrease was primarily due to decreases in (i) salary and benefit expenses for employees involved in administrative activities as a result of our cost control measures and (ii) research and development expenses, primarily reflecting our completion of the research and development of Jinyin Sanqi Capsule (金銀三七膠囊) in 2012.

Other expenses

Other expenses increased by RMB4.8 million, or 230.1%, from RMB2.1 million in 2012 to RMB6.9 million in 2013. The increase was primarily due to an increase in impairment of trade and other receivables from additional distributors that were considered not recoverable by our management in 2013.

Finance costs

Finance costs decreased by RMB2.3 million, or 28.2%, from RMB8.0 million in 2012 to RMB5.7 million in 2013. The decrease was primarily due to a decrease in interest on bank loans as a result of our decreased average balance of bank loans in 2013.

Profit before tax

As a result of the aforesaid factors, our profit before tax decreased by RMB36.3 million, or 28.2%, from RMB128.5 million in 2012 to RMB92.2 million in 2013.

Income tax expense

Income tax expense decreased by RMB3.4 million, or 13.0%, from RMB25.7 million in 2012 to RMB22.3 million in 2013. The decrease was primarily due to a decrease in our taxable income in 2013. Our effective tax rate increased from 20.0% in 2012 to 24.2% in 2013, primarily due to the larger amount of expenses not deductible for tax purposes and lower profit before tax in 2013. For details relating to our higher effective tax rate in 2013, please refer to the subsection headed "– Description of Principal Consolidated Statements of Profit or Loss and Other Comprehensive Income Items – Income Tax Expense" above.

Profit for the year

As a result for the above factors, profit for the year decreased by RMB32.9 million, or 32.0%, from RMB102.8 million in 2012 to RMB69.9 million in 2013.

LIQUIDITY AND CAPITAL RESOURCES

Source of Liquidity and Working Capital

We have historically met our working capital and other capital requirements principally from cash generated from operating activities and bank borrowings. As of 31 December 2014, we had cash and cash equivalents of RMB127.2 million, which consisted of cash at bank and on hand and were mainly denominated in Renminbi. As of the Latest Practicable Date, we had no unutilised bank loan facilities.

Taking into account of the net proceeds available to us from the Global Offering, our cash and future operating cash flows and our bank loans, the Directors are satisfied, after due and careful inquiry, that we have sufficient working capital to meet our requirements for at least the next 12 months from the date of this prospectus. We currently do not expect any significant changes in the mix and the relative costs of our capital resources.

Cash Flows

The table below sets forth, for the periods indicated, a summary of our consolidated statements of cash flows.

	Year ended 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Net cash generated from operating activities	178,439	180,860	173,256
Net cash from/(used in) investing activities	(56,452)	34,421	(12,700)
Net cash used in financing activities	(120,578)	(175,478)	(178,898)
Net increase/(decrease) in cash and cash equivalents	1,409	39,803	(18,342)
Cash and cash equivalents at the beginning of the year	104,293	105,702	145,505
Cash and cash equivalents at the end of the year	105,702	145,505	127,163

Net cash generated from operating activities

Our net cash generated from operating activities during the Track Record Period principally derived from the receipt of payments from our sales. Our cash used in operating activities during the Track Record Period was principally for the purchases of packaging materials and raw materials in respect of the production of our products, selling and distribution expenses, administrative expenses and taxes.

We had net cash generated from operating activities of RMB173.3 million in 2014, primarily resulting from cash generated from operations of RMB204.7 million, the effects of which were partially offset by income tax paid of RMB19.6 million and interest paid of RMB12.5 million. Our cash generated from operations of RMB204.7 million was primarily contributed by operating profit before changes in working capital of RMB175.5 million, which was positively affected by:

(i) a decrease in trade and bills receivables of RMB39.5 million, primarily reflecting our continuous efforts to gradually encourage our distributors to settle the purchase prices before our delivery of products; and

(ii) an increase in other payables and accruals of RMB12.6 million, primarily reflecting increased advances from customers in line with our increased sales of products and our continuous efforts to gradually encourage our distributors to settle the purchase prices before our delivery of products.

The effects of the foregoing, however, were partially offset by an increase in prepayments, deposits and other receivables of RMB18.9 million, primarily because certain material advertising expenses were prepaid but not expensed as of 31 December 2014.

We had net cash generated from operating activities of RMB180.9 million in 2013, primarily resulting from cash generated from operations of RMB200.0 million, the effects of which were partially offset by income tax paid of RMB14.6 million and interest paid of RMB5.4 million. Our cash generated from operations of RMB200.0 million was primarily contributed by operating profit before changes in working capital of RMB109.0 million, which was positively affected by:

(i) an increase in other payables and accruals of RMB53.8 million, primarily reflecting (x) increased value-added taxes payable at the year end of 2013 as a result of (1) a relatively high sales amount of Golden Throat Lozenges (OTC) in the new packaging configuration in December 2013 and (2) our increased dispatch of samples of Golden Throat Lozenges (OTC) in the new packaging configuration for marketing and promotion purposes in 2013, the value-added tax invoices of which were issued in December 2013, and (y) increased accrued liabilities as a result of increased promotional service fees and advertising expenses we incurred to promote our sales of Golden Throat Lozenges (OTC) in the new packaging configuration;

(ii) a decrease in inventories of RMB36.3 million, primarily reflecting our decreased finished products and raw materials, as we controlled our inventory more strictly at the early stage of our sales of Golden Throat Lozenges (OTC) in the new packaging configuration in 2013 when we were still assessing the market demand for such products; and

(iii) a decrease in prepayments, deposits and other receivables of RMB22.5 million, primarily reflecting decreased purchases from suppliers requiring prepayments.

The effects of the foregoing, however, were partially offset by:

(i) a decrease in trade payables of RMB13.0 million, primarily because we made payments to our suppliers within a shorter period so as to maintain a good relationship with our suppliers; and

(ii) an increase in trade and bills receivables of RMB8.6 million, primarily because we increased the wholesale price of Golden Throat Lozenges (OTC) when we changed its packaging configuration in 2013, which contributed to higher trade and bills receivables at the year end of 2013.

We had net cash generated from operating activities of RMB178.4 million in 2012, primarily resulting from cash generated from operations of RMB201.8 million, the effects of which were partially offset by income tax paid of RMB16.6 million and interest paid of RMB8.0 million. Our cash generated from operations of RMB201.8 million was primarily contributed by operating profit before changes in working capital of RMB145.5 million, which was positively affected by a decrease in trade and bills receivables of RMB120.0 million, primarily because in the fourth quarter of 2011 we decided to increase the wholesale price of Golden Throat Lozenges (OTC) in the old packaging configuration, which was scheduled to be effective in early 2012, and as such a considerable number of distributors placed orders with us in the fourth quarter of 2011 which resulted in higher trade and bills receivables at the year end of 2011.

The effects of the foregoing, however, were partially offset by:

(i) a decrease in other payables and accruals of RMB34.3 million, primarily reflecting (x) decreased value-added taxes payable at the year end of 2012 in line with decreased purchases of Golden Throat Lozenges (OTC) in the old packaging configuration in the fourth quarter of 2012 by our distributors as we informed our distributors in the fourth quarter of 2012 that we intended to launch such product in the new packaging configuration in 2013, and (y) decreased accrued liabilities as a result of lower advertisement expenses payable by us in 2012 and our efforts to settle such fees in a more efficient manner;

(ii) an increase in inventories of RMB19.1 million, primarily reflecting decreased purchases of Golden Throat Lozenges (OTC) in the old packaging configuration in the fourth quarter of 2012 by our distributors as we informed our distributors in the fourth quarter of 2012 that we intended to launch such product in the new packaging configuration in 2013; and

(iii) an increase in prepayments, deposits and other receivables of RMB13.5 million, primarily reflecting our increased purchases from suppliers requiring prepayments.

Net cash used in investing activities

Our cash generated from investing activities during the Track Record Period mainly consisted of proceeds from the disposal of available-for-sale investments and repayment of loans by a related party. Our net cash used in investing activities during the Track Record Period mainly consisted of purchases of available-for-sale investments, purchases of property, plant and equipment, repayment of loans to a third party and cash used in the acquisition of a subsidiary.

We had net cash used in investing activities of RMB12.7 million in 2014, primarily resulting from the purchase of available-for-sale investments of RMB253.0 million, repayment of loans of RMB17.0 million to a third party and net cash outflow of RMB9.0 million for the acquisition of a 95.6% equity interest in Weikete, the effects of which were partially offset by proceeds of RMB253.8 million from our disposal of available-for-sale investments and repayment of loans from related parties of RMB17.0 million in connection with our disposal of a 95.6% equity interest in Weikete.

We had net cash generated from investing activities of RMB34.4 million in 2013, primarily resulting from proceeds of RMB523.4 million from our disposal of available-for-sale investments and repayment of loans of RMB53.3 million by Guangxi Golden Throat Travelling Co., Ltd., a related party, the effects of which were partially offset by the purchase of available-for-sale investments of RMB522.0 million, purchase of property, plant and equipment and construction in progress of RMB19.4 million, primarily relating to our purchase of new packing machines for the manufacturing of Golden Throat Lozenges (OTC) in the new packaging configuration, and deposits of RMB1.5 million for the acquisition of a 95.6% equity interest in Weikete.

We had net cash used in investing activities of RMB56.5 million in 2012, primarily resulting from advances of loans of RMB53.3 million to Guangxi Golden Throat Travelling Co., Ltd., a related party, and purchase of property, plant and equipment and construction in progress of RMB4.8 million, primarily relating to our purchase of office equipment, the effects of which were partially offset by government grant of RMB2.0 million we received.

During the Track Record Period, as part of our cash management and investment policy, we invested in certain standard financial products in the form of short-term asset management contracts issued by commercial banks and securities firms in the PRC in order to obtain higher yields than we can receive on regular bank deposits. These contracts do not include clauses to guarantee the return of the principal amounts. However, we did not record any loss in connection with these short-term investments during the Track Record Period. The underlying assets of these products included primarily trust schemes, equity investment products, bonds, deposits and other money market instruments. As of the Latest Practicable Date, there was no outstanding principal amount of our short-term investment products. The potential maximum loss with respect to such short-term investment products is the principal amount. We consider the risk of loss of the principal amount is low according to our previous experience of purchasing the similar products. We do not intend to make similar short-term investments in the future.

We make this type of short-term investment only when our internal cash flow and liquidity forecast indicates that we have sufficient capital resources for our operating activities and our capital expenditure. As a result, we believe that these short-term investments do not have any adverse effect on our liquidity and enable us to generate additional income with minimal risk. Our internal policy and guidance requires that any investment of this nature, regardless of the amount, must be approved by the Chairman of the Board, Ms. JIANG Peizhen, and the head of our finance department, Ms. KE Xuening. Ms. KE Xuening has more than 35 years of experience in financial management. We record the purchase amount of short-term investments under the item of "purchases of available-for-sale investments" and the proceeds from disposal of short-term investments under the item "proceeds from disposal of available-for-sale investments", in each case under our consolidated statements of cash flows. The net return on our short-term investments is recorded as investment income from available-for-sale investments, a category of other income and gains under our consolidated statements of profit or loss and other comprehensive income.

The table below sets forth the details of our short-term investments during the Track Record Period.

Type of investment	Estimated risk(1)	Expected annual yield rate	Actual annual yield rate	Term of investment	Redemption provision	Potential maximum loss(1)
Asset management contracts issued by commercial banks	Low	Approximately 2.45% to 5.00%	Approximately 2.25% to 6.50%	1 day to 61 days	Redeemable at maturity	Loss of principal amount
Asset management contracts issued by securities firms	Low	Approximately 4.70% to 7.00%	Approximately 4.68% to 7.00%	7 days to 182 days	Redeemable at maturity	Loss of principal amount

Note:

(1) We did not record any loss in connection with our short-term investments during the Track Record Period.

Net cash used in financing activities

Our net cash generated from financing activities during the Track Record Period mainly consisted of new bank loans and increases in amounts due to related parties and a director. Our net cash used in financing activities during the Track Record Period mainly consisted of repayment of bank loans, dividends paid to our Shareholders and increases in pledged time deposits.

We had net cash used in financing activities of RMB178.9 million in 2014, primarily resulting from the repayment of bank loans of RMB369.3 million, a dividend paid to the Shareholders of RMB151.3 million and an increase in pledged time deposits of RMB22.1 million for our short-term bank loans, the effects of which were partially offset by new bank loans obtained by us of RMB356.1 million and an increase in amounts due to related parties of RMB7.6 million.

We had net cash used in financing activities of RMB175.5 million in 2013, primarily resulting from a dividend paid to the Shareholders of RMB229.0 million and the repayment of bank loans of RMB84.5 million, the effects of which were partially offset by new bank loans obtained by us of RMB138.0 million.

We had net cash used in financing activities of RMB120.6 million in 2012, primarily resulting from the repayment of bank loans of RMB161.5 million and a dividend paid to the Shareholders of RMB63.6 million, the effects of which were partially offset by new bank loans obtained by us of RMB104.5 million.

Capital Expenditures

Our capital expenditures mainly relate to purchases of properties, machinery and equipment, computer and office equipment and motor vehicles for our manufacturing and administrative purposes.

The table below sets forth, for the periods indicated, our capital expenditures.

	Year ended 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Buildings	1,141	1,472	–
Machinery and equipment	755	16,108	3,301
Computer and office equipment	2,103	60	85
Motor vehicles	54	1,734	–
Construction in progress	743	–	662
Total	4,796	19,374	4,048

Our capital expenditures were relatively higher in 2013, primarily reflecting our purchase of additional machinery and equipment in order to manufacture our Golden Throat Lozenges (OTC) in the new packaging configuration. We estimate that our capital expenditures for the years ending 31 December 2015, 2016 and 2017 will be RMB80.0 million, RMB93.0 million and RMB137.0 million, respectively, which will be primarily used to acquire certain land use rights and equipment to construct a new production and research and development base and upgrade our existing facilities. For more details about our upgrade plans, please refer to the section headed "Business – Future Expansion and Upgrade Plan" in this prospectus. We intend to finance such capital expenditures through a combination of operating cash flows and net proceeds from the Global Offering.

NET CURRENT ASSETS

The table below sets forth, as of the dates indicated, our current assets, current liabilities and net current assets.

	As of 31 December			As of 30 April
	2012	2013	2014	2015
	RMB'000	RMB'000	RMB'000	RMB'000
				Unaudited
Current assets				
Inventories	85,790	48,319	47,853	42,029
Trade and bills receivables	296,705	300,996	261,998	274,750
Prepayments, deposits and other receivables	34,669	13,704	31,950	49,690
Due from a related party	53,250	–	3,673	2,654
Available-for-sale investments	69	1,084	1,103	126
Pledged deposits	–	–	22,126	22,126
Cash and cash equivalents	105,702	145,505	127,163	109,165
Total current assets	576,185	509,608	495,866	500,540
Current liabilities				
Trade payables	32,211	19,204	19,773	25,604
Other payables and accruals	93,282	146,567	172,322	186,354
Interest-bearing bank borrowings	54,500	108,000	94,780	148,123
Tax payable	13,176	23,640	39,219	51,344
Due to a director	–	–	188	708
Due to related parties	–	–	7,585	79
Government grants	144	310	410	366
Dividend payable	13,498	121,756	137,720	7,977
Total current liabilities	206,811	419,477	471,997	420,555
Net current assets	369,374	90,131	23,869	79,985

Our net current assets decreased from RMB369.4 million as of 31 December 2012 to RMB90.1 million as of 31 December 2013, primarily due to the fluctuations in our total current liabilities. Our total current liabilities increased from RMB206.8 million as of 31 December 2012 to RMB419.5 million as of 31 December 2013, primarily due to increases in dividend payable, other payables and accruals and interest-bearing banking borrowings. Our net current assets decreased from RMB90.1 million as of 31 December 2013 to RMB23.9 million as of 31 December 2014, primarily due to increases in other payables and accruals, dividend payable and tax payable. Our net assets decreased from RMB167.0 million as of 31 December 2013 to RMB91.4 million as of 31 December 2014, primarily due to the dividends declared of RMB167.3 million in 2014 and deemed distribution to shareholders of RMB30.3 million, the effects of which were partially offset by our profit of RMB121.7 million in 2014. The deemed distribution to shareholders of RMB30.3 million arose from the consideration provided to the Employee Shareholding Committee, Ms. JIANG Peizhen, Mr. ZENG Kexiong and Mr. LU Xinghong, for the acquisition of Golden Throat Company by Golden Throat Investment as one of the steps of the Reorganisation. Our net current assets increased from RMB23.9 million as of 31 December 2014 to RMB80.0 million as of 30 April 2015, primarily due to a decrease in dividend payable.

Inventory

Our inventory primarily consists of raw materials and packaging materials for the manufacturing of our products, work in progress and finished goods. The write-down of inventories to net realisable value primarily relates to write-down of obsolete inventories.

The table below sets forth, as of the dates indicated, our balance of inventory.

	As of 31 December		
	2012	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**
Raw materials	29,155	22,759	16,758
Work in progress	3,581	2,755	3,000
Finished goods	54,407	25,290	30,174
	87,143	50,804	49,932
Write-down of inventories to net realisable value	(1,353)	(2,485)	(2,079)
Total	85,790	48,319	47,853

Our inventory slightly decreased from RMB48.3 million as of 31 December 2013 to RMB47.9 million as of 31 December 2014, primarily due to a decrease in raw materials as we consumed raw materials more quickly in line with a larger production scale in 2014, the effects of which were partially offset by an increase in finished goods we produced in anticipation of increased demand for our products in the first quarter of 2015. Our inventory decreased from RMB85.8 million as of 31 December 2012 to RMB48.3 million as of 31 December 2013, primarily reflecting our decreased finished products and raw materials, as we controlled our inventory more strictly at the early stage of our sales of Golden Throat Lozenges (OTC) in the new packaging configuration in 2013 when we were still assessing the market demand for such products.

As of 30 April 2015, we have subsequently sold RMB43.3 million, or 90.5%, of our outstanding inventory, net of write-down of inventories, as of 31 December 2014.

The table below sets forth, for the periods indicated, our average inventory turnover days.

	Year ended 31 December		
	2012	2013	2014
Average inventory turnover days[1]	135	138	104

Note:

(1) Average inventory turnover days are based on the average balance of inventory divided by cost of sales for the year and multiplied by 365. Average balance is calculated as the average of the beginning balance and ending balance of a given year.

Our average inventory turnover days remained relatively stable in 2012 and 2013. Our average inventory turnover days decreased from 138 days in 2013 to 104 days in 2014, primarily due to our improved inventory control driven by stable market demand for our products in line with the market recognition of our Golden Throat Lozenges (OTC) in the new packaging configuration and the sugar-free flavours of our Golden Throat Lozenge Series Products.

Trade and Bills Receivables

Our trade and bills receivables consist of (i) trade receivables, primarily representing the balances due from our distributors less impaired trade receivables, and (ii) bills receivable, primarily representing bank notes received from our distributors in lieu of cash payments.

The table below sets forth, as of the dates indicated, our trade and bills receivables.

	As of 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Trade receivables	74,355	79,466	50,374
Bills receivable	231,123	234,656	224,898
Less: Impairment of trade receivables	(8,773)	(13,126)	(13,274)
Total	296,705	300,996	261,998

Our trade and bills receivables decreased from RMB301.0 million as of 31 December 2013 to RMB262.0 million as of 31 December 2014, primarily reflecting our continuous efforts to gradually encourage our distributors to settle the purchase prices before our delivery of products. Our trade and bills receivables increased from RMB296.7 million as of 31 December 2012 to RMB301.0 million as of 31 December 2013, primarily because we increased the wholesale price of Golden Throat Lozenges (OTC) when we changed its packaging configuration in 2013, which contributed to higher trade and bills receivables at the year end of 2013.

The table below sets forth, as of the dates indicated, an aged analysis of our trade receivables, net of provision, based on the respective invoice dates.

	As of 31 December		
	2012	**2013**	**2014**
	RMB'000	**RMB'000**	**RMB'000**
Less than 3 months	44,441	57,756	32,961
3 to 6 months	6,694	986	2,544
6 to 12 months	6,300	1,582	994
1 to 2 years	5,609	4,812	371
Over 2 years	2,538	1,204	230
Total	65,582	66,340	37,100

We aim to collect payment from our distributors before delivering our products to them. However, for our distributors with whom we have long-term relationships, we typically extend a short-term credit period of three months. During the Track Record Period, most of our distributors settled their purchase prices with us by bank accepted bills with a maturity of one to six months. In 2012, we have also adopted policies to gradually encourage our distributors to pay the purchase price in cash or bank accepted bills before our delivery of products. Please refer to the section headed "Business – Sales, Marketing and Distribution – Relationship with Distributors" in this prospectus for further details of our distributor management.

As of 30 April 2015, we have subsequently settled RMB29.7 million, or 79.9%, of our outstanding trade receivables, net of provision, as of 31 December 2014.

The table below sets forth, as of the dates indicated, movements in the provision for impairment of trade receivables.

	As of 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
At the beginning of year	8,496	8,773	13,126
Impairment losses recognised	277	4,353	148
At the end of year	8,773	13,126	13,274

Our management monitors the recoverability of overdue trade receivables, and, when there is objective evidence that we may not be able to collect any overdue trade receivables, provides for impairment of these trade receivables. We recorded impaired trade receivables of RMB8.8 million, RMB13.1 million and RMB13.3 million as of 31 December 2012, 2013 and 2014, respectively, primarily relating to trade receivables from customers that were in financial difficulties or did not cooperate with us any more. None of such trade receivables is expected to be recovered.

The table below sets forth, as of the dates indicated, an aged analysis of our trade receivables that were not individually or collectively considered to be impaired.

	As of 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	44,441	57,756	32,961
Past due but not impaired:			
Less than 3 months past due	6,694	986	2,544
Over 3 months past due	14,447	7,598	1,595
	65,582	66,340	37,100

Trade receivables that were past due but not impaired relate to a number of customers that have a good track record with the Group. Based on past experience, our management believes that no impairment is necessary in respect of these balances as there has not been any significant change in credit quality and the balances are still considered fully recoverable. Further details in relation to our trade and bills receivables are set out in Note 17 to the Accountants' Report included in Appendix I to this prospectus.

The table below sets forth, for the periods indicated, our average trade receivables turnover days.

	Year ended 31 December		
	2012	2013	2014
Average trade receivables turnover days[1]	54	51	39

Note:

(1) Average trade receivables turnover days are based on the average balance of trade receivables divided by revenue for the year and multiplied by 365. Average balance is calculated as the average of the beginning balance and ending balance of a given year.

Our average trade receivables turnover days decreased from 54 days in 2012 to 51 days in 2013 and further to 39 days in 2014, primarily reflecting our continued efforts to gradually encourage our distributors to pay the purchase price before our delivery of products.

Prepayments, Deposits and Other Receivables

Prepayments, deposits and other receivables consist primarily of (i) other receivables, primarily relating to a deposit we paid for our acquisition of a 95.6% equity interest in Weikete, receivables of subsidies from the local government allowing us to enjoy an interest lower than the benchmark interest in the PRC on our bank borrowings and other miscellaneous receivables, (ii) deferred listing expenses in connection with our proposed Listing on the Stock Exchange, (iii) prepayments to our suppliers for purchases of raw materials and packaging materials, (iv) prepaid land lease payments, and (v) prepaid expenses, primarily relating to prepaid advertising expenses, including prepayment to Golden Throat Travelling Co., Ltd. for purchase of its advertising services by having a rooftop advertising board on the building of such entity and placing advertising brochures in the hotel rooms operated by such entity, fees paid to our brand celebrity endorsements and other prepaid expenses relating to our advertising campaigns.

The table below sets forth, as of the dates indicated, our prepayments, deposits and other receivables.

	As of 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Other receivables	6,120	7,163	6,282
Deferred listing expenses	–	–	3,104
Prepayments for materials cost	20,686	3,073	835
Prepaid land lease payments	602	602	576
Prepaid expense	8,885	4,462	22,617
	36,293	15,300	33,414
Less: Impairment of other receivables	(1,002)	(1,086)	(1,086)
Other receivables, non-current portion	(622)	(510)	(378)
Total	34,669	13,704	31,950

Our prepayments, deposits and other receivables increased from RMB13.7 million as of 31 December 2013 to RMB32.0 million as of 31 December 2014, primarily because certain material advertising expenses were prepaid but not expensed as of 31 December 2014. Our prepayments, deposits and other receivables decreased from RMB34.7 million as of 31 December 2012 to RMB13.7 million as of 31 December 2013, primarily reflecting decreased purchases from suppliers requiring prepayments.

The table below sets forth, as of the dates indicated, movements in the provision for impairment of other receivables.

	As of 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
At the beginning of year	1,000	1,002	1,086
Impairment losses recognised	2	84	–
At the end of year	1,002	1,086	1,086

Trade Payables

Trade payables primarily relate to the purchases of raw materials and packaging materials from our suppliers and payments for delivery of our products.

The table below sets forth, as of the dates indicated, our trade payables.

	As of 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Trade payables	32,211	19,204	19,773

Our trade payables remained relatively stable as of 31 December 2013 and 2014. Our trade payables decreased from RMB32.2 million as of 31 December 2012 to RMB19.2 million as of 31 December 2013, primarily because we made payments to our suppliers within a shorter period so as to maintain a good relationship with our suppliers.

The table below sets forth, as of the dates indicated, an aged analysis of our trade payables.

	As of 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Less than 3 months	23,834	17,504	17,156
3 to 6 months	4,034	80	1,305
6 to 12 months	3,644	329	463
1 to 2 years	205	719	602
Over 2 years	494	572	247
Total	32,211	19,204	19,773

Our trade payables are non-interest-bearing. During the Track Record Period, we were typically granted credit terms of 60 days from our suppliers.

The table below sets forth, for the periods indicated, the average trade payables turnover days.

	Year ended 31 December		
	2012	2013	2014
Average trade payables turnover days(1)	53	52	40

Note:

(1) Average trade payables turnover days are based on the average balance of trade payables divided by cost of sales for the year and multiplied by 365. Average balance is calculated as the average of the beginning balance and ending balance of a given year.

Our average trade payable turnover days remained relatively stable in 2012 and 2013. Our average trade payable turnover days further decreased from 52 days in 2013 to 40 days in 2014, primarily due to our increased purchases from certain suppliers which offered a shorter credit period. During the Track Record Period, we did not default on any trade payables that would have a material adverse effect on our financial position.

Other Payables and Accruals

Other payables and accruals consist primarily of (i) other payables, mainly relating to liabilities arising from the endorsement of certain bills receivable, deposits from our distributors and payables in respect of acquisition of property, plant and equipment, (ii) accrued liabilities, mainly relating to fees payable to advertising agencies and promotional service fees payable to external promoters we engaged to promote our products, (iii) accrued payroll such as salaries and bonuses, (iv) advances from customers and (v) taxes payable other than corporate income tax. Our other payables and accruals are non-interest-bearing.

The table below sets forth, as of the dates indicated, our other payables and accruals.

	As of 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Other payables	32,485	24,620	26,934
Accrued liabilities	20,217	53,055	57,767
Accrued payroll	5,760	5,519	13,288
Advances from customers	29,073	17,743	35,385
Taxes payable other than corporate income tax	7,444	46,937	40,052
	94,979	147,874	173,426
Less: Non-current portion	(1,697)	(1,307)	(1,104)
Total	93,282	146,567	172,322

Our other payables and accruals increased from RMB146.6 million as of 31 December 2013 to RMB172.3 million as of 31 December 2014, primarily due to (i) an increase in advances from customers in line with our increased sales of Golden Throat Lozenges (OTC) in the new packaging configuration and Golden Throat Lozenges Series Products and our continuous efforts to gradually encourage our distributors to settle the purchase prices before our delivery of products, and (ii) an increase in accrued payroll, primarily reflecting a higher amount of outstanding bonus as of 31 December 2014, the effects of which were partially offset by a decrease in value-added taxes payable in line with our decreased revenue recorded in the fourth quarter of 2014 as compared to the same period in 2013.

Our other payables and accruals increased from RMB93.3 million as of 31 December 2012 to RMB146.6 million as of 31 December 2013, primarily reflecting (i) increased value-added taxes payable as a result of (x) a relatively high sales amount of Golden Throat Lozenges (OTC) in the new packaging configuration in December 2013 and (y) our increased dispatch of samples of Golden Throat Lozenges (OTC) in the new packaging configuration for marketing and promotion purposes in 2013, the value-added tax invoices of which were issued in December 2013, and (ii) increased accrued liabilities as a result of increased promotional service fees and advertising expenses we incurred to promote our sales of Golden Throat Lozenges (OTC) in the new packaging configuration, the effects of which were partially offset by a decrease in advances from customers, as we were still at the early stage of promoting and selling our Golden Throat Lozenges (OTC) in the new packaging configuration in the fourth quarter of 2013.

INDEBTEDNESS

During the Track Record Period and as of 30 April 2015, our indebtedness principally consisted of bank borrowings. The table below sets forth, as of the dates indicated, the maturity profiles of our bank borrowings.

	As of 31 December			As of 30 April
	2012	**2013**	**2014**	**2015**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
				Unaudited
Current				
Bank loans – secured	46,000	108,000	84,780	88,123
Bank loans – unsecured	8,500	–	10,000	60,000
Total	54,500	108,000	94,780	148,123

Our bank borrowings increased from RMB54.5 million as of 31 December 2012 to RMB108.0 million as of 31 December 2013, primarily reflecting (i) our purchase of machinery and equipment, (ii) loans borrowed by us in advance in anticipation of our planned acquisition of a land lot in Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region, and (iii) bank borrowings to support our general operations. The loans borrowed by us in 2013 in anticipation of our planned acquisition of the land lot in Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region were subsequently repaid by us in 2014, taking into consideration the schedule of the public tender, auction and listing-for-sale process for such land lot, the estimated acquisition cost and our internal resources. We currently intend to finance the acquisition cost of such land lot, which is estimated to be approximately RMB20 million, by our internal resources. For details of our acquisition a land lot in Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region and the associated future expansion and upgrade plan, please refer to the section headed "Business – Future Expansion and Upgrade Plan" in this prospectus. Our bank borrowings decreased from RMB108.0 million as of 31 December 2013 to RMB94.8 million as of 31 December 2014. As of 31 December 2014, our outstanding bank loans in the amount of RMB94.8 million were repayable within one year and carried effective interest rates ranging from 4.8% to 6.56% per annum. Of these bank loans, RMB84.8 million was secured and the remaining RMB10.0 million was unsecured. Our bank borrowings increased from RMB94.8 million as of 31 December 2014 to RMB148.1 million as of 30 April 2015, primarily to fund our manufacturing and operating activities.

During the Track Record Period, all of our bank borrowings were denominated in Renminbi and due within one year after the respective drawdown dates. Most of our bank borrowings were secured by our property, plant and equipment, land use rights and bills receivable. During the Track Record Period, certain of our bank borrowings were guaranteed or secured by assets of Golden Throat Travelling Co., Ltd., a related party controlled by Ms. JIANG Peizhen, and Ms. JIANG, and all such bank borrowings had been fully repaid as of the Latest Practicable Date. Most of our bank borrowings carried variable interest rates benchmarked to the one-year Renminbi lending rate quoted by PBOC. The effective interest rates of our current bank borrowings as of 31 December 2012, 2013 and 2014 ranged from 4.8% to 6.56%. With respect to our bank loans, we also received certain government subsidies on the basis that our Golden Throat Lozenges (OTC) were recognised as an ethnic minority product.

Our bank borrowings contained borrower's undertakings customary for transactions of a similar type and nature. Our borrowing subsidiaries are required, under the respective loan agreements, to repay principal and interest in accordance with the stipulated timelines. In addition, our borrowing subsidiaries are typically restricted from engaging in major corporate transactions, such as incurrence of substantial indebtedness, mergers and consolidations, disposal of substantial assets, reorganisation or restructurings without prior consent of or notification to the lenders. Some loan agreements contain cross acceleration provisions, which give the lending banks the right to demand immediate repayment of principal and unpaid interest if our borrowing subsidiaries default under other loans granted by the same lenders. We are not aware of any incident involving the Company or any of our borrowing subsidiaries not having complied with all material undertakings during the Track Record Period and as of the Latest Practicable Date, under our bank borrowings, which gave rise to any actions taken by any bank lenders.

In January 2015, we entered into loan agreements with a commercial bank in China to borrow loans in an aggregate amount of RMB60.0 million. All such amounts had been drawn down as of 31 January 2015. The proceeds of such loans were primarily used for our expansion of operations. In February 2015, we entered into loan agreements with a commercial bank in China to borrow loans amounting to RMB40.0 million. This amount had been drawn down as of 28 February 2015. The proceeds of such loans were primarily used to repay matured loans. These bank loans carry interest rates of 5.6% per annum and are repayable within one year. The relevant loan agreements contained borrower's undertakings customary for transactions of a similar type and nature. The Directors confirmed that, save for such new bank loans, there has not been any material change in our indebtedness since 31 December 2014 up to the date of this prospectus. As of the Latest Practicable Date, we did not have any plan for material external debt financing.

RELATED PARTY TRANSACTIONS

The table below sets forth, for the periods indicated, our transactions with related parties.

	Year ended 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Golden Throat Travelling Co., Ltd.			
Advertising service[1] from	2,000	2,000	–
Loans to	53,250	–	–
Repayment of loans from	–	53,250	–
Golden Throat Football School			
Donation to	1,290	1,608	1,212
Liuzhou Jinqing Equity Investment Centre (LLP)			
Disposal of Weikete	–	–	7,382
Repayment of loans paid for Weikete	–	–	10,848
Liuzhou Jingui Equity Investment Centre (LLP)			
Disposal of Weikete	–	–	4,153
Repayment of loans paid for Weikete	–	–	6,102
Peizhen Investment			
Transfer of funding right of Golden Throat Football School to	–	–	473
Disposal of property, plant and equipment to	–	–	80
Disposal of prepaid land lease payment to	–	–	1,270
Ms. JIANG Peizhen			
Transfer of amount due from Weikete to	–	–	28,442
Transfer of amount due from Peizhen Investment to	–	–	1,823
Offset of amount due from/to	–	–	30,265

Note:

(1) During the Track Record Period, we purchased advertising services from Golden Throat Travelling Co., Ltd. by having a rooftop advertising board on the building of such entity and placing advertising brochures in the hotel rooms operated by such entity.

In 2014, we had the following key transactions with our related parties.

- In December 2014, Golden Throat Company disposed of (i) a 61.2% equity interest in Weikete to Liuzhou Jinqing Equity Investment Centre (LLP) at a consideration of RMB7.4 million, and (ii) a 34.4% equity interest in Weikete to Liuzhou Jingui Equity Investment Centre (LLP) at a consideration of RMB4.2 million. During the process of finalising the transaction arrangement, Golden Throat Company paid loans of an aggregate amount of RMB17.0 million on behalf of Weikete to a third party. According to a debt arrangement agreement among Golden Throat Company, Liuzhou Jinqing Equity Investment Centre (LLP), Liuzhou Jingui Equity Investment Centre (LLP) and Weikete on 27 September 2014, such loans were subsequently agreed to be assumed by Liuzhou Jinqing Equity Investment Centre (LLP) and Liuzhou Jingui Equity Investment Centre (LLP) as to RMB10.9 million and RMB6.1 million, respectively. As such, we received repayment of loans from Liuzhou Jinqing Equity Investment Centre (LLP) and Liuzhou Jingui Equity Investment Centre (LLP) of RMB10.9 million and RMB6.1 million in 2014, respectively. For details of the disposal of equity interest in Weikete, please refer to the section headed "History and Development – Reorganisation – Reasons for not including certain business in the Group" in this prospectus.

- According to a debt offset agreement which took effective on 31 December 2014, our amount due from Weikete of RMB28.5 million and amount due from Peizhen Investment of RMB1.8 million were transferred to Ms. JIANG Peizhen. Accordingly, our amount due to Ms. JIANG Peizhen of RMB30.3 million arising from the Reorganisation was fully offset.

- During the Track Record Period, we provided fundings to support Golden Throat Football School. As we do not intend to continue such practice after the Listing, we transferred the funding right to Peizhen Investment in 2014.

In addition, during the Track Record Period, certain of our bank borrowings were guaranteed by or secured by assets of Golden Throat Travelling Co., Ltd., a related party controlled by Ms. JIANG Peizhen, and Ms. JIANG Peizhen, and all such bank borrowings have been fully repaid as of the Latest Practicable Date. The Directors believe that our transactions with related parties were conducted on an arm's length basis. The Directors are of the view that the related party transactions did not cause any distortion of our results of operations or make our historical results not reflective in the Track Record Period. All of our non-trade balances with related parties will be fully settled before the Listing. Details of our transactions with related parties during the Track Record Period are set out in Note 32 to the Accountants' Report included in Appendix I to this prospectus.

COMMITMENTS

Capital Commitments

As of 31 December 2012, 2013 and 2014, our outstanding capital commitments were RMB210.0 million, RMB210.0 million and RMB335.9 million, respectively. These outstanding capital commitments mainly relate to our planned acquisition of land use rights and equipment to construct a new production and research and development base and upgrade our existing facilities.

The table below sets forth, as of the dates indicated, our capital commitments.

	As of 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Authorised, but not contracted for:			
Land and buildings	158,426	158,426	273,526
Plant and machinery	51,529	51,529	62,419
Total	209,955	209,955	335,945

Operating Lease Commitments

We lease certain office properties under operating lease arrangements, with lease terms ranging from one to five years.

The table below sets forth, as of the dates indicated, our total future minimum lease payments under non-cancellable operating leases that are payable.

	As of 31 December		
	2012	2013	2014
	RMB'000	RMB'000	RMB'000
Within one year	395	317	401
In the second to fifth years, inclusive	209	–	334
Total	604	317	735

CONTINGENT LIABILITIES

As of 31 December 2012, 2013 and 2014, we did not have any outstanding mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits or guarantees or other material contingent liabilities. We confirm that as of the Latest Practicable Date there have been no material changes to our contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not enter into any off-balance sheet transactions or arrangements.

POST BALANCE SHEET EVENTS

On 12 August 2014, Golden Throat Company filed a transfer application relating to the transfer of the Well-known Trademark and other related trademarks for free to Peizhen Investment, a company controlled by Ms. JIANG Peizhen, with the Trademark Office of the SAIC. On 27 January 2015, the Trademark Office of SAIC acknowledged the above transfer of the trademarks.

On 24 June 2015, we entered into a trademark licensing agreement and a portrait licensing agreement with Peizhen Investment and Ms. JIANG Peizhen, respectively, under each of which we have been granted with an exclusive license, subject to certain terms and conditions, to use the Well-known Trademark, Ms. JIANG Peizhen's portrait and other related trademarks for free.

On 13 February 2015, every one issued and unissued share of the Company of US$1.00 par value each was sub-divided into 40,000 Shares of US$0.000025 par value each such that the authorised share capital remained unchanged as US$50,000 divided into 2,000,000,000 Shares in one class with par value of US$0.000025 each, of which 120,000 Shares were issued and outstanding. Out of these 120,000 shares, each of Golden Throat International, Jin Chen Global and Jin Qing Global held 40,000 Shares.

On 4 March 2015, the Company allotted and issued to Golden Throat International, Jin Chen Global and Jin Qing Global 448,476,800 Shares, 79,113,200 Shares and 17,060,000 Shares, respectively, at par value of US$0.000025 per Share.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT FINANCIAL RISK

We are exposed to various types of financial risks in the ordinary course of our business, including interest rate risk, credit risk and liquidity risk.

Credit Risk

We trade mainly with recognised and creditworthy third parties. We have policies in place to ensure credit terms are only granted to customers with appropriate credit history and have adopted credit verification procedures. In addition, we monitor our receivable balances on an on-going basis.

The carrying amounts of cash and cash equivalents, other receivables and amounts due from a related party included in the consolidated statements of financial position represent our maximum exposure to credit risk in relation to our financial assets. We have no other financial assets which carry significant exposure to credit risk. In addition, there is no significant concentration of credit risk for us as our customer base in respect of trade receivables is widely dispersed in various regions.

Interest Rate Risk

Our exposure to the risk of changes in market interest rates relates primarily to our debt obligations with floating interest rates. During the Track Record Period, we recorded interest costs using a mix of fixed and floating interest rates. In 2012, 2013 and 2014, if interest rates on bank loans had been 50 basis points higher/lower with all other variables held constant, our profit before tax for the period would have been RMB0.2 million, RMB0.2 million and RMB0.4 million lower/higher, respectively, as a result of higher/lower interest expenses.

Liquidity Risk

We monitor our liquidity risk using a recurring liquidity planning tool to consider the maturity of our financial investments and financial assets, such as trade receivables and other financial assets, and projected cash flows from operations. In the management of our liquidity risk, we aim to maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations through the use of interest-bearing bank borrowings. For details of the maturity profile of our financial liabilities based on contractual undiscounted payments, please refer to Note 35 to the Accountants' Report included in Appendix I to this prospectus.

DIVIDEND POLICY

For the years ended 31 December 2012, 2013 and 2014, we declared dividends in the amount of RMB39.1 million, RMB337.2 million and RMB167.3 million, respectively, of which an aggregate of RMB8.0 million remained unpaid as of 30 April 2015 and will be fully paid before the Listing. Dividends paid in prior periods may not be indicative of future dividend payments. We cannot guarantee when, if and in what form dividends will be paid in the future.

Subject to the Companies Law and the Memorandum and Articles of Association, through a general meeting, we may declare dividends in any currency but no dividend may be declared in excess of the amount recommended by the Directors. The Directors may from time to time also declare interim dividends as appear to the Directors to be justified by our profits. The amount of any dividends to be declared or paid in the future will depend on, amongst others, our results of operations, cash flows, financial condition, operating and capital requirements, future prospects and other factors that the Directors deem relevant. We cannot guarantee then, if and in what form dividends will be paid in the future. Future dividend payments will also depend on payments made from our PRC subsidiaries. Certain payments from our PRC subsidiaries are subject to PRC taxes, statutory reserve requirements and other legal restrictions.

We currently intend to pay dividends to the Shareholders of not less than 20% of our profit available for distribution after the Global Offering, subject to, in each case, the Board's decision after a comprehensive review of the Company's financial performance, future expectations and other factors deemed relevant by the Board, and the Shareholders' approval.

DISTRIBUTABLE RESERVES

As of 31 December 2014, the Group had distributable reserves of RMB3.9 million available for distribution to the Shareholders.

LISTING EXPENSES

The estimated total listing expenses (based on the mid-point of our indicative price range for the Global Offering and assuming that the Over-allotment Option is not exercised and all discretionary incentive fees in the Global Offering are paid in full) incurred or to be incurred in relation to the Global Offering are approximately RMB59.30 million, of which RMB31.0 million will be charged as administrative expenses to our profit or loss and RMB28.3 million will be charged against equity, in accordance with Hong Kong Accounting Standard 32, *Financial Instruments: Presentation*. Pursuant to such accounting standard, expenses that are incremental and directly attributable to the offering of new Shares are accounted for as a deduction from equity upon Listing and issuance of new Shares. The expenses that do not relate to the offering of new Shares are charged to profit or loss as incurred. Expenses that relate jointly to the offering of new Shares and the listing of existing Shares are allocated between these activities based on the proportion of number of new Shares issued relative to the total number of the Shares in issue and listed on the Stock Exchange.

For the year ended 31 December 2014, we recognised listing expenses of RMB9.3 million as our administrative expenses. We also recognised listing expenses of RMB3.1 million as deferred listing expenses for the year ended 31 December 2014.

KEY FINANCIAL RATIOS

The table below sets forth, as of the dates or for the periods indicated, certain financial ratios.

		Year ended 31 December/ As of 31 December		
	Notes	**2012**	**2013**	**2014**
Liquidity ratios				
Current ratio (times)	*(1)*	2.8x	1.2x	1.1x
Quick ratio (times)	*(2)*	2.4x	1.1x	0.9x
Capital adequacy ratios				
Debt-to-equity ratio	*(3)*	Net cash	Net cash	Net cash
Gearing ratio	*(4)*	12.5%	64.7%	103.8%
Profitability ratios				
Return on assets	*(5)*	15.4%	11.3%	21.0%
Return on equity	*(6)*	25.5%	23.3%	94.2%

Notes:

(1) Current ratio represents current assets as of a record date divided by current liabilities as of the same record date.

(2) Quick ratio represents current assets excluding inventory as of a record date divided by current liabilities as of the same record date.

(3) Debt-to-equity ratio represents total net debt (which is equal to total borrowings less cash and cash equivalents) as of a record date divided by total equity as of the same record date.

(4) Gearing ratio represents total bank borrowings as of a record date divided by total equity as of the same record date.

(5) Return on assets represents net profit for a period divided by average assets as at the beginning and the end of such period.

(6) Return on equity represents net profit for a period divided by average equity as at the beginning and the end of such period.

Liquidity Ratios

Our current ratio was 2.8x, 1.2x and 1.1x as of 31 December 2012, 2013 and 2014, respectively. The decrease in our current ratio from 31 December 2012 to 31 December 2013 was mainly due to an increase in our current liabilities from RMB206.8 million as of 31 December 2012 to RMB419.5 million as of 31 December 2013. Our current ratio remained relatively stable as of 31 December 2013 and 2014.

Our quick ratio was 2.4x, 1.1x and 0.9x as of 31 December 2012, 2013 and 2014, respectively. The decrease in our quick ratio from 31 December 2012 to 31 December 2013 was mainly due to an increase in our current liabilities from RMB206.8 million as of 31 December 2012 to RMB419.5 million as of 31 December 2013. Our quick ratio remained relatively stable as of 31 December 2013 and 2014.

Capital Adequacy Ratios

We maintained a net cash position as of 31 December 2012, 2013 and 2014.

Our gearing ratio was 12.5%, 64.7% and 103.8% as of 31 December 2012, 2013 and 2014, respectively. The increase in our gearing ratio from 31 December 2012 to 31 December 2013 was mainly due to our increased bank borrowings from RMB54.5 million as of 31 December 2012 to RMB108.0 million as of 31 December 2013 and decreased equity from RMB434.3 million as of 31 December 2012 to RMB167.0 million as of 31 December 2013 as a result of our payment of dividends in 2013. The increase in our gearing ratio from 31 December 2013 to 31 December 2014 was mainly due to a decrease in our equity from RMB167.0 million as of 31 December 2013 to RMB91.4 million as of 31 December 2014 as a result of our increased other payables and accruals, dividend payable and tax payable.

Profitability Ratios

We achieved a return on assets of 15.4%, 11.3% and 21.0% for the years ended 31 December 2012, 2013 and 2014, respectively. Our return on assets was lower in 2013 as compared to 2012 and 2014, primarily due to the lower net profit in 2013.

We achieved a return on equity of 25.5%, 23.3% and 94.2% for the years ended 31 December 2012, 2013 and 2014, respectively. Our return on equity was significantly higher in 2014 as compared to 2012 and 2013, primarily due to the lower equity as at 1 January 2014 and 31 December 2014 as a result of our increased other payables and accruals, dividend payable and tax payable as of 31 December 2014.

NO MATERIAL ADVERSE CHANGE

The Directors confirm that, up to the date of this prospectus, there has been no material adverse change in the financial or trading position of the Group since 31 December 2014, and there is no event since 31 December 2014 which would materially affect the information shown in the Accountants' Report in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

The Directors have confirmed that as of the Latest Practicable Date, there were no circumstances which, had they been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please refer to the section headed "Appendix II – Unaudited Pro Forma Financial Information" to this prospectus for details.

OVERVIEW

As of the Latest Practicable Date, the Family Trust through its wholly-owned company, Jin Jiang Global, which in turn, through its wholly-owned subsidiary, Golden Throat International, held 82.3% of the issued share capital of the Company. Immediately after completion of the Global Offering and assuming the Over-allotment Option is not exercised, it is expected that the Family Trust will indirectly hold approximately 61.7% of the issued share capital of the Company. Pursuant to the trust agreement establishing the Family Trust, Mr. ZENG Yong, as the settlor, the protector and a beneficiary of the Family Trust, has the power to exercise all voting rights attached to the shares of Golden Throat International, which directly held 82.3% of the issued share capital in the Company as of the Latest Practicable Date. As a result, Mr. ZENG Yong is deemed to be the ultimate Controlling Shareholder.

CONTROLLING SHAREHOLDERS

Pursuant to the Entrustment Agreements, Mr. ZENG Yong and Ms. JIANG Peizhen confirmed that (1) the shares in Golden Throat Company and other operating companies of the Group in China registered under the name of, or for the account of, Ms. JIANG Peizhen were actually held by Ms. JIANG Peizhen on behalf of Mr. ZENG Yong; (2) the shareholder decisions in respect of the Group made by Ms. JIANG Peizhen had been and shall always be approved by Mr. ZENG Yong; and (3) without the prior consent of Mr. ZENG Yong, Ms. JIANG Peizhen shall not transfer, dispose or create any encumbrances in whatever form on the shares in Golden Throat Company and other operating companies of the Group in China registered under the name of Ms. JIANG Peizhen. During the Track Record Period and before the establishment of the Family Trust, Ms. JIANG Peizhen had made all decisions with the consent of Mr. ZENG Yong at the relevant meetings of the Group. Since the establishment of the Family Trust, all decisions have been made and all discretions have been exercised by Mr. ZENG Yong at the relevant meetings. In addition, pursuant to the trust agreement establishing the Family Trust, Mr. ZENG Yong has the power to exercise all voting rights attached to the shares of Golden Throat International. Based on the above, since that Mr. ZENG Yong is the sole registered holder of shares of Jin Jiang Global (which, through Golden Throat International, indirectly holds 82.3% of the Company) and the settlor and the protector of the Family Trust, Mr. ZENG Yong has been, throughout the Track Record Period, and will continue to control all voting rights attached to the Shares of the Company held indirectly through the Family Trust, Jin Jiang Global and Golden Throat International. As a result, Mr. ZENG Yong is the ultimate Controlling Shareholder.

COMPETING INTEREST

Neither the Controlling Shareholders and their associates nor any of the Directors was, as of the Latest Practicable Date, interested in any business, other than the Group, which, competes or is likely to compete, either directly or indirectly, with the Group's business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

NON-COMPETITION AGREEMENT

In order to avoid any potential competition following the Listing, the Controlling Shareholders entered into the Non-competition Agreement with us on 24 June 2015. In the Non-competition Agreement, the Controlling Shareholders confirmed that as of 24 June 2015, neither they nor any of their associates were engaged or participated in whatever manner in any business that competed directly or indirectly or may compete with our current or any possible future core businesses within and outside China. Subject to the exception that if they and/or their associates, for investment purposes, purchase or hold not more than 5% interest and voting rights in another listed company which competes or may compete with our core business and do not control such listed company's board of directors, the Controlling Shareholders agreed that they will not, and will procure that none of their associates will:

- whether within or outside China and whether on its own or jointly with other parties, be directly or indirectly engaged or participate or assist in engaging or participating in whatever manner (including but not limited to investment, merger and acquisition, joint venture, joint equity, cooperation, partnership, contracted or lease operation, purchase of shares of listed companies or equity participation) in any business that directly or indirectly competes or may compete with our core businesses;

- support in whatever manner, whether within or outside China, any party other than the Group to engage in any business that directly or indirectly competes or may compete with our core businesses; and

- be involved in whatever manner (whether directly or indirectly) in any business that directly or indirectly competes or may compete with our core businesses.

Apart from the above undertakings, if any of the Controlling Shareholders or any of their associates becomes aware of any new business opportunity that competes or may compete directly or indirectly with our core businesses, they will immediately notify us in writing of such opportunity, and will endeavour to procure that the Group will be given priority in acquiring such business opportunity on reasonable and fair terms and conditions. The Board will decide whether to take up such new business opportunity within 60 days upon the receipt of the above notification. In accordance with our relevant internal corporate governance rules, any conflicting Directors will abstain from voting on the resolutions at the meetings of the Board to consider such new business opportunity and not be physically present at the relevant meeting of the Board whilst the Board is considering such new business opportunity. In the event that the Controlling Shareholders or any of their respective associates take up such opportunity with our consent to conduct new business, the Group will have the option to acquire such new business in accordance with the Non-competition Agreement. In the event that any of the Controlling Shareholders or any of their respective associates obtains the abovementioned new business opportunity with our consent, and subsequently intends to transfer, sell, lease, license or otherwise assign or give permission for the use of the new business to a third party during the term of the Non-competition Agreement, we will have the right of first refusal with respective to such new business. Any decision on whether to exercise the above option or right of first refusal will be made by the Board pursuant to the same procedures as described above regarding considering a new business opportunity notified by any Controlling Shareholder. When considering whether or not to exercise the option or the right of first refusal, the Board will consider, amongst others, the following factors: the valuation of the relevant business, the performance of the relevant business, the compatibility of the strategy of the relevant business with that of the Company, the prevailing market conditions, the available resources of the Company and other options available to the Company to purchase similar businesses from third parties or establish similar businesses.

The Non-competition Agreement will take effect from the date of execution and shall continue to be effective until the earlier of the following: the Controlling Shareholders and any of their associates directly and/or indirectly hold in aggregate less than 30% of the Shares, or the Shares are no longer listed on the Stock Exchange (save for suspension of trading in the Shares due to whatever reason).

The Controlling Shareholders have agreed that the Controlling Shareholders will provide a confirmation on compliance with the Non-competition Agreement to us for disclosure in our annual report. The Controlling Shareholders further undertake to provide all information necessary for the annual review by the independent non-executive Directors and the enforcement of the Non-competition Agreement. The independent non-executive Directors will review, on an annual basis, the information provided by the Controlling Shareholders in respect of the compliance and enforcement of the Non-competition Agreement. We will disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Non-competition Agreement either through the annual report, or by way of announcement to the public.

INDEPENDENCE FROM THE CONTROLLING SHAREHOLDERS

Having considered the following factors, we are satisfied that we are capable of carrying out our business independently from the Controlling Shareholders and their associates after the Global Offering.

Management Independence

The Board comprises five executive Directors, one non-executive Director and three independent non-executive Directors. Our management and operational decisions are made by the Directors and senior management, most of whom have served the Group for a long time and have substantial experience in the industry in which we are engaged. Please refer to the section headed “Directors and Senior Management” in this prospectus for further details. Each of the Directors is aware of his/her fiduciary duties as a Director which require, amongst others, that he/she must act for the benefit of and in the best interests of the Company and not allow any conflict between his/her duties as a Director and his/her personal interests. Further, we believe the independent non-executive Directors bring independent judgment to the decision-making process of the Board. In addition, the Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her associates has a material interest and shall not be counted in the quorum present at the particular Board meeting.

Among the nine Directors, only one Director, namely, Ms. JIANG Peizhen, holds a directorship in Jin Jiang Global and Golden Throat International, both of which are the Controlling Shareholders. The other eight Directors do not hold any directorship or senior management position with any of the Controlling Shareholders. The Directors collectively, have sufficient time and energy to manage our day-to-day operations, taking account of their other working commitments. Ms. JIANG Peizhen, as the non-executive Director, is not involved in the day-to-day management of the Company, and is primarily responsible for formulating the overall development strategies and business plans of the Group.

Apart from the transactions set out in the section headed "Connected Transactions" in this prospectus, we do not expect that there will be any significant transactions between the Group and the Controlling Shareholders (and their associates) upon or shortly after the Listing.

Based on the above, we are satisfied that the Board as a whole together with our senior management team are able to perform the managerial role in the Group independently.

Operational Independence

Although the Controlling Shareholders will retain a controlling interest in the Company after the Listing, we have full rights to make all decisions regarding, and to carry out, our own business operations independently, subject to applicable laws and the Articles. The Company (through our subsidiaries) holds or enjoys the benefit of all relevant licences necessary to carry out our businesses, and has sufficient capital, equipment and employees to operate our business independent from the Controlling Shareholders. We do not rely on the Controlling Shareholders for operational, administration or human resources and has been carrying out our own business operations independently. In addition, our organisational structure is made up of individual departments, each with specific areas of responsibilities. We have also established a set of internal controls to facilitate the effective operation of our business. Based on the above, we are satisfied that we have been operating independently from the Controlling Shareholders and their associates during the Track Record Period and will continue to operate independently.

Financial Independence

The Group has its own internal control, accounting and financial management system, accounting and finance department, independent treasury functions for cash receipts and payment and the ability to operate independently of the Controlling Shareholders from a financial perspective.

In addition, the Group does not rely on the Controlling Shareholders and/or their associates by virtue of their provision of financial assistance. We confirmed that, as of the Latest Practicable Date, none of the Controlling Shareholders or their associates had provided any loans, guarantees or pledges to the Group. We believe that we are capable of obtaining financing from external sources without reliance on the Controlling Shareholders. We also confirmed that, as of the Latest Practicable Date, the Group did not provide any loans, guarantees or pledges to any of the Controlling Shareholders or their associates.

Based on the above, we believe that we are able to maintain financial independence from the Controlling Shareholders and their associates.

CORPORATE GOVERNANCE MEASURES

The Controlling Shareholders have confirmed that they fully comprehend their obligations to act as the Shareholders' and our best interests as a whole. We believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

(a) as part of our preparation for the Global Offering, we have amended the Articles to comply with the Listing Rules. In particular, the Articles provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates have a material interest nor shall such Director be counted in the quorum present at the meeting;

(b) a Director with material interests is required to make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the board meetings on matters in which such Director or his/her close associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

(c) we are committed that the Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe the independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of the public Shareholders. Details of the independent non-executive Directors are set out in the section headed "Directors and Senior Management – Directors – Independent non-executive Directors" in this prospectus;

(d) in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between the Group on the one hand and the Controlling Shareholders and/or the Directors on the other, the Controlling Shareholders and/or the Directors shall provide the independent non-executive Directors with all necessary information and the Company shall disclose the decisions of the independent non-executive Directors (including why business opportunities referred to it by the Controlling Shareholders were not taken up) either through its annual report or by way of announcements; and

(e) we have appointed Somerley Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.

We have entered, and will enter, into certain agreements with entities that will constitute our connected persons and such arrangements will constitute our continuing connected transactions under Chapter 14A of the Listing Rules following the Listing on the Stock Exchange.

RELEVANT CONNECTED PERSONS

Under the Listing Rules, the following persons and entities, amongst others, will be regarded as connected persons of the Company:

Ms. JIANG Peizhen

Ms. JIANG Peizhen is a Director of the Company. Each of Ms. JIANG Peizhen and her associates therefore constitutes a connected person of the Company under the Listing Rules.

Mr. ZENG Yong

Mr. ZENG Yong is a Director of the Company. Each of Mr. ZENG Yong and his associates therefore constitutes a connected person of the Company under the Listing Rules.

Guangxi Weikete Biological Technology Co., LTD.

Weikete is an associate of Ms. JIANG Peizhen. Ms. JIANG Peizhen holds 51.2% interest in Liuzhou Jinqing Equity Investment Centre (LLP) and 51.0% of Liuzhou Jingui Equity Investment Centre (LLP), which in turn in aggregate hold 95.6% equity interest in Weikete. The remaining 4.4% equity interest in Weikete is held by Guangxi Academy of Sciences and Biology Institute of Guangxi Academy of Sciences, both Independent Third Parties, as to 2.8% and 1.6%, respectively. Weikete therefore constitutes a connected person of the Company under the Listing Rules.

Guangxi Peizhen Investment Consulting Co., Ltd.

Peizhen Investment is an associate of Ms. JIANG Peizhen. Ms. JIANG Peizhen holds 70% and her daughter, Ms. ZENG Jun (曾軍), holds 30% equity interest in Peizhen Investment. Peizhen Investment therefore constitutes a connected person of the Company under the Listing Rules.

ARRANGEMENTS RELATING TO THE REORGANISATION AND THE GLOBAL OFFERING

Acquisition of Golden Throat Company by Golden Throat Investment

In connection with the Reorganisation, Golden Throat Investment, an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement dated 25 December 2014 (the "**Equity Transfer Agreement**") with the then shareholders (namely, Ms.

JIANG Peizhen, Mr. LU Xinghong, Mr. ZENG Kexiong and the Employee Shareholding Committee, together as the "**Sellers**"). Pursuant to the Equity Transfer Agreement, 100% equity interest in the share capital of Golden Throat Company was transferred to Golden Throat Investment (the "**Equity Transfer**"). Upon completion of the Equity Transfer, Golden Throat Company became the direct wholly-owned subsidiary of Golden Throat Investment.

The Sellers (which include Ms. JIANG, a connected person of the Company) agree to indemnify Golden Throat Investment against any losses caused by the Sellers and/or Golden Throat Company to Golden Throat Investment in connection with a breach of the Equity Transfer Agreement, including breach of tax warranties arising from the Equity Transfer.

In respect of the transactions described in the Equity Transfer Agreement, except for the indemnification provisions given by the Sellers to Golden Throat Investment and the warranties given by the Sellers in the Equity Transfer Agreement, the rights and obligations of the Sellers and Golden Throat Investment under the Equity Transfer Agreement have been substantially performed. In respect of the indemnities under the Equity Transfer Agreement, any payment which might be made in the future by any party in the performance of its obligations after the Listing would not constitute a new transaction. Any such payment would merely be performance of a transaction which was entered into prior to the Listing. As a result, the Equity Transfer Agreement is not a connected transaction after the Listing of the Company which is subject to any reporting, announcement or independent Shareholders' approval requirements relating to connected transactions under the Listing Rules.

Further details about the acquisition of Golden Throat Company by Golden Throat Investment are set out in the section headed "History and Development" in this prospectus.

Non-competition Agreement relating to the Controlling Shareholders' present or future business

In order to avoid any potential competition and for the purpose of the Global Offering, the Company has entered into the Non-competition Agreement with the Controlling Shareholders on 24 June 2015, pursuant to which the Controlling Shareholders have undertaken to the Company that, they will not, and will procure their associates not to, engage or participate in whatever manner in any business that competes or may compete directly or indirectly with the Group's current or future core businesses subject to certain exceptions.

In addition, if any of the Controlling Shareholders or any of their associates becomes aware of any new business opportunity that competes or may compete directly or indirectly with the Group's core businesses, the Group will be given priority in acquiring such business opportunity on reasonable and fair terms and conditions. In the event that the Controlling Shareholders or any of their respective associates take up such opportunity with the Company's consent to conduct new business, the Group will have the option to acquire such new business at any time thereafter. Furthermore, if any of the Controlling Shareholders or any of their respective associates obtains the abovementioned new business opportunity with the Company's consent, and subsequently intends to transfer, sell, lease or license the use of the new business to a third party, the Group will have the right of first refusal with respective of such new business.

Further details about the Non-competition Agreement are set out in the section headed "Relationship with the Controlling Shareholders – Non-competition Agreement" in this prospectus.

Since nominal consideration of HK$1.0 was paid under the Non-competition Agreement, the arrangements under the Non-competition Agreement qualify under Rule 14A.76(1) of the Listing Rules as de minimis transactions and are exempt from reporting, announcement and independent shareholders' approval requirements. Should the Company elect to exercise the option or right of first refusal granted to the Company under such arrangements to acquire any interests from the Controlling Shareholders and/or their associates after the Listing, the Company will comply with the relevant requirements of the Listing Rules in relation to notifiable and/or connected transactions.

CONTINUING CONNECTED TRANSACTIONS

Set out below is a summary of the continuing connected transactions between the Group and the connected persons of the Company that will continue after the Listing:

Type of transaction	Applicable Listing Rule	Waiver sought	Historical figures (RMB thousand)			Annual Cap (RMB thousand) *(Note 1)*		
			Financial year ended 31 December			Financial year ending 31 December		
			2012	**2013**	**2014**	**2015**	**2016**	**2017**
Continuing Connected Transactions with Weikete								
Procurement of raw materials from Weikete to the Group .	14A.76[2]	Announcement requirement	1,465	740 *(Note 2)*	2,375	4,545 *(Note 3)*	5,603	6,362
Continuing Connected Transactions with Peizhen Investment								
Licensing of trademarks from Peizhen Investment to the Group *(Note 4)*.	14A.76	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Continuing Connected Transactions with Ms. JIANG Peizhen								
Licensing of portrait rights from Ms. JIANG Peizhen to the Group *(Note 4)*.	14A.76	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

(1) All the figures in the table are rounded up to the nearest thousand and include tax.

(2) *The historical transaction figure for the year ended 31 December 2013 (i.e. RMB740,000) is lower than the figures for 2012 and 2014 because during part of 2013, Weikete was involved in preparing for the transfer of its 95.6% equity interest from Guangxi Investment Group Co., Ltd. to Golden Throat Company, as such, Weikete's production of raw materials suspended for a short while and the Group purchased raw materials from other suppliers during that period.*

(3) *The annual cap for the year ending 31 December 2015 (i.e. RMB4,545,000) is estimated on a gross basis, prior to the net of an offset amount (i.e. RMB3,680,000) as referred to below.*

(4) *Each of the percentage ratios (other than the profits ratio) for each of the three years ending 31 December 2015, 31 December 2016 and 31 December 2017 is estimated to be less than 0.1%. Therefore, under Rule 14A.76(1) of the Listing Rules, the transaction is fully exempt from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.*

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Procurement of raw materials from Weikete

Background

As part of the Reorganisation, Golden Throat Company transferred its 95.6% equity interest in Weikete to Liuzhou Jinqing Equity Investment Centre (LLP) and Liuzhou Jingui Equity Investment Centre (LLP), both controlled by Ms. JIANG Peizhen. For further details, please refer to the section headed "History and Development" in this prospectus.

In the ordinary and usual course of business, the Group has been purchasing, and will continue to purchase after the Listing, raw materials, namely isomalt ("**Isomalt**"), isomaltulose syrup ("**Syrup**", together with Isomalt as "**Sugar Substitute Raw Materials**"), from Weikete for the Group's production of its products.

Description of Future Transactions and Principal Terms

In anticipation of the Global Offering, the Company and Weikete entered into a framework agreement dated 24 June 2015, under which Weikete agrees to provide Sugar Substitute Raw Materials to the Group (the "**Procurement Framework Agreement**").

Pursuant to the Procurement Framework Agreement, the Company and/or any of its subsidiaries and Weikete will enter into a written agreement in respect of each individual connected transaction between them in relation to the procurement of Sugar Substitute Raw Materials.

Under the Procurement Framework Agreement, Weikete has undertaken that:

(A) it will not provide Sugar Substitute Raw Materials to any independent third party unless it has satisfied the Group's needs for Sugar Substitute Raw Materials;

(B) if it cannot satisfy the Group's needs for Sugar Substitute Raw Materials or if independent third parties can offer terms more favourable than those offered by it, the Group is entitled to obtain Sugar Substitute Raw Materials from independent third parties;

(C) it is entitled to provide Sugar Substitute Raw Materials to independent third parties provided that this will not affect its supply of Sugar Substitute Raw Materials to the Group;

(D) it will not, and will procure its subsidiaries (if applicable) not to, provide Sugar Substitute Raw Materials to the Group on terms which are less favourable than those offered to independent third parties; and

(E) the Procurement Framework Agreement will not affect the Group's right to choose its counterparty for transactions or enter into transactions with third parties.

The Directors believe that it is in the Group's interests to procure the Sugar Substitute Raw Materials from Weikete, one of few manufacturers of Sugar Substitute Raw Materials in China, on terms acceptable to it for the Group's lozenges production and confirm that the transactions contemplated under the above written agreements will be conducted in the ordinary course of business and on normal commercial terms after arm's length negotiation.

Price Determination

Isomalt

The parties have agreed for the sale and purchase of Isomalt at a unit price of the lower of RMB23.00 per kg or price payable to independent third parties by the Group from time to time. The price has been determined by comparing the price offered by Weikete with those offered to the Group by two other independent third parties for the same type of raw materials (such as Isomalt) in the same quantity in the ordinary and usual course of business as follows:

(A) Guangzhou Weizheng Food Co., Ltd. (廣州味正食品有限公司) supplies Isomalt at RMB26.0 per kg; and

(B) Guangzhou Bingcheng Trading Co., Ltd. (廣州市炳誠貿易有限公司) supplies Isomalt at RMB24.0-25.5 per kg.

Syrup

The parties have agreed for the sale and purchase of the Syrup to be priced at cost. Such cost is based on the lower of the actual cost and reasonable cost for providing the Syrup (including but not limited to cost of raw materials and any processing costs). Weikete has confirmed to the Group that it does not supply Syrup to other parties at more favourable terms.

The above pricing policies, together with the undertakings provided by Weikete under the Procurement Framework Agreement referred to above, ensure that the pricing terms offered by Weikete are fair and reasonable and no less favourable than those offered by or to independent third parties.

Historical Figures

For each of the years ended 31 December 2012, 2013 and 2014, the Group's expenditure on the Sugar Substitute Raw Materials provided by Weikete was RMB1,465,000, RMB740,000 and RMB2,375,000, respectively. The historical transaction figure for the year ended 31 December 2013 (i.e. RMB740,000) is lower than the figures for 2012 and 2014 because during part of 2013, Weikete was involved in preparing for the transfer of its 95.6% equity interests from Guangxi Investment Group Co., Ltd. to Golden Throat Company, as such, Weikete's production of raw materials suspended for a short while and the Group purchased raw materials from other suppliers during that period.

Annual Caps

For each of the years ending 31 December 2015, 2016 and 2017, the total intended amount of expenses to be incurred by the Group to Weikete for the Sugar Substitute Raw Materials under the Procurement Framework Agreement is RMB4,545,000, RMB5,603,000 and RMB6,362,000, respectively. Due to an offset amount referred to below being paid for separately under the Debt Set-Off Agreement, the total intended amount of expenses for 2015 under the Procurement Framework Agreement amounts to RMB865,000.

Such intended amount of expenses is based on the Company's consideration of the following factors: (i) historical transaction values as well as historical growth rate of our demand for Sugar Substitute Raw Materials (from 2012 to 2014); (ii) the Group's current and future requirement for the Group's ongoing production of various products (in particular, the expected growth of our Golden Throat Lozenge Series Products (sugar-free series)); (iii) our estimated growth in the demand for the Sugar Substitute Raw Materials for our pipeline products such as Golden Throat Lozenge Vegetable Beverages Series Products (sugar-free series); (iv) our continuous expansion of the distribution network to increase the demand for our Golden Throat Lozenge Series Products and (v) Weikete's manufacturing capability.

The net amount of intended expenses is significantly lower for 2015 compared to 2016 and 2017 due to a debt set-off agreement dated 25 February 2015, entered into between Weikete, Golden Throat Company and Golden Throat Health Food (the "**Debt Set-off Agreement**").

Pursuant to the Debt Set-off Agreement, an amount of RMB3,672,600 owed by Weikete to the Group ("**Weikete Debt**") was agreed to be offset by the supply by Weikete to Golden Throat Health Food of Isomalt at the same price as provided under the Procurement Framework Agreement (the "**Bulk Supply**"), rounded up to 160,000 kg for ease of handling. As a result of the Bulk Supply, the Group's intended demand for Isomalt for the rest of year ending 31 December 2015 has reduced by RMB3,680,000 (i.e. RMB23.00 x 160,000 kg) (the "**Offset Amount**"). Had the Offset Amount been added to the net amount of intended expenses for 2015, it would have totalled RMB4,545,000. The set-off will take effect immediately upon signing of the Debt Set-off Agreement, at which point, the ownership of the Bulk Supply will be transferred to the Group. Such set-off is expected to be completed before the Listing.

Term and Termination

The effective period of the Procurement Framework Agreement is for a term of three years, which is deemed to have commenced on 1 January 2015 and ending 31 December 2017. The Procurement Framework Agreement can be terminated if the connected transactions under the Procurement Framework Agreement cannot comply with the requirements for connected transactions under the Listing Rules. Upon expiry of the term, the Company has the option to renew the term for another three years by signing a new or supplemental procurement framework agreement, which must be on terms no less favourable than the current terms.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Trademarks Licensing Agreement

Background

As part of the Reorganisation, Golden Throat Company transferred the Well-known Trademark and its related trademarks to Peizhen Investment. For further details including reasons, please refer to the section headed "Business – Intellectual Property" in this prospectus.

Description of Future Transaction and Principal Terms

Peizhen Investment, the Company and Golden Throat Company entered into a trademark licensing agreement on 24 June 2015 (the "**Trademark Licensing Agreement**").

Peizhen Investment has agreed to license to the Group the right to use the Well-known Trademark and its related trademarks ("**Licensed Trademarks**") on an exclusive basis for free.

The Group is entitled to transfer or sub-lease the Licensed Trademarks to any third party, provided that it provides 15 days' written notice to Peizhen Investment. The Group has undertaken to use the Licensed Trademarks within the scope specified.

Peizhen Investment has undertaken that:

(A) it will be responsible for the timely renewal and payment of fees for maintaining effective registration of the Licensed Trademarks;

(B) it will not use the Licensed Trademarks in any manner to engage or participate in any business which competes or will potentially compete with the business of the Group;

(C) it will not license any of the Licensed Trademarks to any third party;

(D) it will not transfer the rights to use the Licensed Trademarks to any third party without the Group's consent; and

(E) it will not create any charge against the rights to use the Licensed Trademarks for the purpose of securing any loan or providing any guarantee for the benefit of itself or any third party.

Furthermore, all parties have undertaken that they will not do anything that will affect the goodwill or reputation of the Licensed Trademarks or cause material adverse effect on the Group's business.

Historical Figures

During the Track Record Period, there was no historical amount in respect of any licence fee paid since the Well-known Trademark was owned by Golden Throat Company which is within the Group. There was therefore no need to license the Licensed Trademarks to the Group during the Track Record Period. For further details, please refer to the section headed "Business – Intellectual Property" in this prospectus.

Annual Cap

Nil consideration is payable under the Trademark Licensing Agreement. The licence fee was agreed after arm's length negotiation between Golden Throat Company, the Company and Peizhen Investment and indicates the continuing support by Ms. JIANG Peizhen of the Group's business after the Listing.

Term and Termination

The Trademark Licensing Agreement will become effective upon signing, but the term of the Trademark Licensing Agreement is deemed to have commenced on 1 November 2014 and will remain effective for a term of 50 years (subject to the relevant Licensed Trademark's effective period of registration (including the effective period as extended by renewal of registration)). Every time upon expiry of the term, provided that the Group does not object to this, the term may be automatically renewed for a further period of 50 years on terms no less favourable than the current terms. No party can unilaterally terminate the Trademark Licensing Agreement without all parties' consent.

The Company considers that a term exceeding three years is required for the Trademark Licensing Agreement as the Licensed Trademarks form an intricate part of the Group's daily business and it is normal business practice for contracts of this type to be of such duration.

Implications under the Listing Rules – no waiver required

As nil consideration is payable, the transaction under the Trademark Licensing Agreement falls within the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules and is fully exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. JIANG Peizhen's Portrait Licensing Agreement

Background

In preparation for the Listing and in order to create a fresh image, the Group has decided to change the packaging of some of its products to include Ms. JIANG Peizhen's portrait (the "**Jiang's Portrait**"). Ms. JIANG Peizhen, the Company and Golden Throat Company entered into a portrait licensing agreement on 24 June 2015 (the "**Portrait Licensing Agreement**").

Description of Future Transaction and Principal Terms

Ms. JIANG Peizhen has agreed to grant the Group the right to use the Jiang's Portrait on an exclusive basis for free on its products.

The Group is entitled to use the Jiang's Portrait at any time within the term of authorisation and for any business purpose (profit or non-profit) without the need to notify Ms. JIANG Peizhen or obtain Ms. JIANG Peizhen's consent. Moreover, the Company or any other member of the Group is entitled to register a trademark based on the Jiang's Portrait and all rights under such trademark belong to the Company or any other member of the Group.

Ms. JIANG Peizhen has agreed that she and her lawful heirs or successors cannot interfere with or prevent the use of the Jiang's Portrait by the Company or any other member of the Group and cannot at any time or by any means enforce any rights or demand any financial compensation from the Company or any other member of the Group under the Portrait Licensing Agreement.

Moreover, Ms. JIANG Peizhen has undertaken (i) not to use the Jiang's Portrait to conduct any business which is or will be in competition with the Group's business and (ii) not to authorise or transfer the right to use the Jiang's Portrait to any third party.

Historical Figures

During the Track Record Period, there was no historical amount in respect of any fee paid because the Portrait Licensing Agreement is a new transaction entered into by the Group after the Track Record Period.

Annual Cap

Nil consideration is payable under the Portrait Licensing Agreement. The licence fee was agreed after arm's length negotiation amongst Golden Throat Company, the Company and Ms. JIANG Peizhen and indicates Ms. JIANG Peizhen's continuing support of the Group's business after the Listing.

Term and Termination

The Portrait Licensing Agreement will become effective upon signing, but the term of the Portrait Licensing Agreement is deemed to have commenced on 1 November 2014 and will remain effective for a term of 50 years. Every time upon expiry of the terms, provided that the Group does not object to this, the term may be automatically renewed for a further period of 50 years on terms no less favourable than the current terms. No party (including their lawful heirs or successors) can unilaterally terminate the Portrait Licensing Agreement without all parties' consent.

The Company considers that a term exceeding three years is required for the Portrait Licensing Agreement as the Jiang's Portrait will form an intricate part of the Group's daily business and it is normal business practice for contracts of this type to be of such duration.

Implications under the Listing Rules – no waiver required

As nil consideration is payable, the transaction under the Portrait Licensing Agreement falls within the de minimis threshold as stipulated under Rule 14A.76(1) of the Listing Rules and is fully exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

WAIVER APPLICATION FOR NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

For the continuing connected transactions under the subsection headed "– Non-exempt Continuing Connected Transactions" above, each of the percentage ratios (other than the profits ratio) calculated by reference to Rule 14.07 of the Listing Rules, where applicable, is on an annual basis more than 0.1% but less than 5% under Rule 14A.76 of the Listing Rules. Such transactions are exempt from the circular (including independent financial adviser) and Shareholders' approval requirements but are subject to the announcement and annual reporting requirements set out in Rules 14A.35 and 14A.49 of the Listing Rules.

As the above connected transactions are in relation to the Group's core businesses and are expected to be carried out on a continuing and recurring basis and to extend over a period of time, the Directors consider that strict compliance with the announcement requirement under the Listing Rules would be unduly burdensome and impractical, and such requirement would add unnecessary administrative costs to the Company and the omission of the required announcement would not result in undue risks to Shareholders and investors.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from compliance with the announcement requirement under Rule 14A.105 of the Listing Rules in respect of the above non-exempt continuing connected transactions for the period of three financial years ending on 31 December 2017.

We also confirm that for the purposes of Rules 14A.55 and 14A.71(6)(a) and Rules 14A.56 and 14A.71(6)(b) of the Listing Rules, all the relevant contracts in respect of the continuing connected transactions disclosed above during the relevant year will be made available for the Company's independent non-executive Directors' and auditors' review. The independent non-executive Directors will review whether the relevant continuing connected transactions have been entered into in accordance with the terms and pricing policies disclosed in this prospectus.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to in this prospectus, we will take immediate steps to ensure compliance with such new requirements within a reasonable time.

CONFIRMATION FROM THE DIRECTORS

The Directors (including the independent non-executive Directors) are of the view that the non-exempt continuing connected transactions set out above have been and will be entered into during our ordinary and usual course of business, on normal commercial terms, and are fair and reasonable and in the interests of the Group and the Shareholders as a whole, and that each of the proposed annual caps (where applicable) for such non-exempt continuing connected transactions are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor has reviewed the relevant information and historical figures prepared and provided by the Company relating to the non-exempt continuing connected transactions including the terms described in the subsection headed "– Non-exempt Continuing Connected Transactions" above, has also conducted due diligence by discussing these transactions with the Company, and have obtained various representations and confirmations from the Company and members of the Group. Based on the Sole Sponsor's due diligence, the Sole Sponsor is of the view that (i) the non-exempt continuing connected transactions including the terms described in the subsection headed "– Non-exempt Continuing Connected Transactions" above have been and will be entered into in the ordinary and usual course of business of the Group, on normal commercial terms, are fair and reasonable and in the interests of the Group and the Shareholders as a whole; and (ii) the proposed annual caps (where applicable) for such non-exempt continuing connected transactions are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of the authorised share capital of the Company as of the Latest Practicable Date and the issued share capital of the Company (including Shares in issue and to be issued as fully paid or credited as fully paid) immediately following the completion of the Global Offering:

		US$	Percentage
Authorised share capital as of the Latest Practicable Date:			
2,000,000,000	Shares of US$0.000025 each	50,000	100.00%
Authorised share capital immediately prior to the completion of the Global Offering:			
2,000,000,000	Shares of US$0.000025 each	50,000	100.00%
Issued and to be issued, fully paid or credited as fully paid upon completion of the Global Offering:			
544,770,000	Shares in issue as of the date of this prospectus	13,619.3	75.0%
181,590,000	Shares to be issued pursuant to the Global Offering	4,539.8	25.0%
726,360,000	Total	18,159.1	100.00%

ASSUMPTIONS

The above tables assume that the Global Offering becomes unconditional and the Shares are issued pursuant to the Global Offering. The above does not take into account any Shares to be issued upon the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by the Company pursuant to the general mandates granted to the Directors to issue or repurchase Shares as described below.

RANKINGS

The Offer Shares will be ordinary shares in the share capital of the Company and will rank equally in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Subject to the conditions stated in the section headed "Structure of the Global Offering – Conditions of the Global Offering" in this prospectus, the Directors have been granted a general unconditional mandate to allot, issue and deal with Shares or securities convertible into the Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to:

(a) a rights issue;

(b) any scrip dividend scheme or similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles;

(c) the exercise of any rights of subscription or conversion into the Shares in issue prior to the date of passing the relevant resolution; or

(d) a specific authority granted by the Shareholders in general meeting,

shall not exceed the aggregate of:

(i) 20% of the number of Shares in issue immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and

(ii) the total number of Shares repurchased by the Company (if any) under the general mandate to repurchase Shares referred to in the subsection headed "– General Mandate to Repurchase Shares" below.

This general mandate to issue the Shares will expire:

(1) at the conclusion of our next annual general meeting; or

(2) at the expiration of the period within which we are required by any applicable law or the Articles to hold our next annual general meeting; or

(3) when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please refer to the section headed "Appendix IV – Statutory and General Information – A. Further Information about the Company and its Subsidiaries – 6. Repurchase of Our Own Securities" to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions stated in the section headed "Structure of the Global Offering – Conditions of the Global Offering" in this prospectus, the Directors have been granted a general unconditional mandate to exercise all the powers of the Company to repurchase Shares with a total number of not more than 10% of the total number of Shares in issue immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

This general mandate relates only to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Appendix IV – Statutory and General Information – A. Further Information about the Company and its Subsidiaries – 6. Repurchase of Our Own Securities" to this prospectus.

This general mandate to repurchase the Shares will expire:

(i) at the conclusion of our next annual general meeting; or

(ii) at the expiration of the period within which we are required by any applicable law or the Articles to hold our next annual general meeting; or

(iii) when varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please refer to the section headed "Appendix IV – Statutory and General Information – A. Further Information about the Company and its Subsidiaries – Resolutions in writing of the Shareholders of the Company passed on 13 February 2015, 22 June 2015, 24 June 2015 and 25 June 2015, respectively" to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Upon completion of the Global Offering, the Company will have only one class of the Shares, namely ordinary shares, each of which ranks pari passu with the other Shares.

Pursuant to the Cayman Companies Law and the terms of the Articles, the Company may from time to time by ordinary resolution of the Shareholders (i) increase its capital; (ii) consolidate and divide its capital into the Shares of larger amount; (iii) divide its Shares into classes; (iv) subdivide its Shares into the Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, the Company may, subject to the Cayman Companies

Law, reduce or redeem its share capital or capital redemption reserve by special resolution of the Shareholders. For more details, please refer to the section headed "Appendix III – Summary of the Constitution of the Company and Cayman Companies Law – Articles of Association – Alteration of capital" to this prospectus.

Pursuant to the Cayman Companies Law and the terms of the Articles, all or any of the special rights attached to the Share or any class of the Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in number of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. For more details, please refer to the section headed "Appendix III – Summary of the Constitution of the Company and Cayman Companies Law – Articles of Association – Variation of rights of existing shares or classes of shares" to this prospectus.

So far as the Directors are aware, as of the date of this prospectus and immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), the following person will have an interest or a short position in the Shares or underlying Shares of the Company which will be required to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the number of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any of our subsidiaries:

		Shares held as of the date of this prospectus		Immediate following the completion of the Global Offering[(2)]	
Name of shareholder	Nature of interest	Number of Shares or Securities held	Approximate percentage of interest in the Company	Number of Shares or securities held	Approximate percentage of interest in the Company
Mr. ZENG Yong	Founder of discretionary trust[(3)]	544,770,000	100.0%	544,770,000	75.0%
Family Trust	Interest of controlled corporation[(3)]	448,516,800	82.3%	448,516,800	61.7%
Sovereign Trust International Limited	Trustee of a discretionary trust[(4)]	448,516,800	82.3%	448,516,800	61.7%
Jin Jiang Global	Interest of controlled corporation[(4)]	448,516,800	82.3%	448,516,800	61.7%
Golden Throat International	Legal owner and beneficial owner	448,516,800	82.3%	448,516,800	61.7%
Ms. JIANG Peizhen	Interest of controlled corporation[(5)]	96,253,200	17.7%	96,253,200	13.3%
Jin Chen Employee Holdings Limited	Trustee of a discretionary trust[(5)(6)]	96,253,200	17.7%	96,253,200	13.3%
Employees Trust	Interest of controlled corporation	79,153,200	14.6%	79,153,200	10.9%
Jin Chen Global	Legal owner and beneficial owner	79,153,200	14.6%	79,153,200	10.9%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of 726,360,000 Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

(3) Mr. ZENG Yong is the settlor, the protector and a beneficiary of the Family Trust which holds the entire issued share capital of Jin Jiang Global. Under the Family Trust, all decisions and discretions in respect of the matters of the Family Trust and the exercise of all voting rights attached to the shares of the company controlled by the trustee through Golden Throat International (which is 100% owned by Jin Jiang Global) will be exercised by Mr. ZENG Yong. As a result, Mr. ZENG Yong is deemed to be interested in the 448,516,800 Shares held by Golden Throat International immediately prior to the completion of the Global Offering, representing 82.3% of our issued share capital of the Company immediately prior to the Global Offering and 61.7% of our issued share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised).

Mr. ZENG Yong is also the settlor of both the Employees Trust and the Senior Management Trust. The Employees Trust and the Senior Management Trust together hold the remaining 17.7% of our issued share capital of the Company immediately prior to the Global Offering and 13.3% of our issued share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised) through Jin Chen Global and Jin Qing Global. Furthermore, for so long as Jin Chen Employee Holdings Limited hold or control shares in the Company, all voting rights attaching to such shares shall be exercised by an investment review panel consisting of Mr. ZENG Yong and Ms. JIANG Peizhen and/or such other person(s) as they may wish to appoint. Therefore, Mr. ZENG Yong is also deemed to be interested in all the 544,770,000 Shares of the Company immediately prior to the completion of the Global Offering and 75.0% of our issued share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised).

(4) Sovereign Trust International Limited is the trustee of the Family Trust and holds 100% issued share capital of Jin Jiang Global, which then holds 100% issued share capital of Golden Throat International, thus Sovereign Trust International Limited and Jin Jiang Global are each deemed to be interested in the 448,516,800 Shares held by Golden Throat International, which represents 82.3% of our issued share capital of the Company immediately prior to the completion of the Global Offering and 61.7% of our issued share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised).

(5) Ms. JIANG Peizhen is the protector of both the Employees Trust and the Senior Management Trust. For so long as Jin Chen Employee Holdings Limited hold or control shares in the company, all voting rights attaching to such shares shall be exercised by an investment review panel consisting of Mr. ZENG Yong and Ms. JIANG Peizhen and/or such other person(s) as they may wish to appoint. As a result, Ms. JIANG Peizhen is deemed to be interested in 17.7% of our issued share capital of the Company immediately prior to the completion of the Global Offering and 13.3% of our issued share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised).

(6) Jin Chen Employee Holdings Limited is the trustee of both the Employees Trust and the Senior Management Trust and holds 100% of issued share capital of Jin Chen Global and Jin Qing Global, which holds, in aggregate, 96,253,200 Shares of the Company immediately prior to the completion of the Global Offering. As a result, Jin Chen Employee Holdings Limited is deemed to be interested in 17.7% of our issued share capital of the Company immediately prior to the completion of the Global Offering and 13.3% of our issued share capital of the Company immediately after the Global Offering (assuming the Over-allotment Option is not exercised).

Other than as disclosed above, the substantial shareholders are not related to one another.

Save as disclosed above, the Directors are not aware of any person who will, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), have an interest or a short position in the Shares or underlying Shares which will be required to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the number of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any of our subsidiaries.

THE CORNERSTONE PLACING

We have entered into agreements with four cornerstone investors (the "**Cornerstone Investors**" and each a "**Cornerstone Investor**") who in aggregate have agreed to subscribe for up to approximately US$40 million (equivalent to HK$312,000,000) worth of the Shares at the Offer Price (collectively, the "**Cornerstone Placing**").

The table below sets out the total number of Shares the Cornerstone Investors would subscribe in aggregate and the respective approximate percentages of (i) the International Offer Shares; (ii) the Offer Shares; (iii) the Shares in issue immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised); and (iv) the Shares in issue immediately following completion of the Global Offering (assuming that the Over-allotment Option is exercised in full):

	Total number of Shares to be subscribed by the Cornerstone Investors (rounded down to the nearest whole board lot of 500 Shares)	Approximate percentages of the International Offer Shares	Approximate percentages of the Offer Shares	Approximate percentages of the Shares in issue immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised)	Approximate percentages of the Shares in issue immediately following completion of the Global Offering (assuming that the Over-allotment Option is exercised in full)
Assuming an Offer Price of HK$4.58 (being the low end of the Offer Price range stated in this prospectus)	68,121,500	41.7%	37.5%	9.4%	9.0%
Assuming an Offer Price of HK$5.43 (being the mid-point of the Offer Price range stated in this prospectus)	57,457,500	35.2%	31.6%	7.9%	7.6%
Assuming an Offer Price of HK$6.28 (being the high end of the Offer Price range stated in this prospectus)	49,680,500	30.4%	27.4%	6.8%	6.6%

Each of the Cornerstone Investors is an Independent Third Party not connected with us, and none of them will be a substantial shareholder of the Company upon Listing and during the six-month lock-up period as described below. Each of the Cornerstone Investors is independent of each other. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around 14 July 2015.

The Cornerstone Placing forms part of the Global Offering. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering other than pursuant to the respective cornerstone investment agreements. The Offer Shares to be subscribed for by the Cornerstone Investors will rank pari passu in all respects with the fully paid Shares in issue and will be counted towards the public float of our Company. Immediately following the completion of the Global offering, no Cornerstone Investor will have any board representation in the Company, nor will any Cornerstone Investor become our substantial shareholder.

The Sole Global Coordinator and the Company have the right to adjust the number of Offer Shares to be purchased by the Cornerstone Investors if necessary in order to satisfy the Listing Rules requirement that not more than 50% of the Shares in public hands at the time of Listing can be beneficially owned by the three largest public Shareholders. Similarly, the Sole Bookrunner and the Company have the right to reduce the number of Offer Shares to be purchased by Cornerstone Investors on a pro rata basis if required as a result of any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offer as described in the section headed "Structure of the Global Offering – The Hong Kong Public Offering" in this prospectus.

THE CORNERSTONE INVESTORS

We set out below a brief description of each of our Cornerstone Investors:

Super Silverwood Limited

Super Silverwood Limited ("**Super Silverwood**") has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 500 Shares) as may be purchased with an aggregate amount of US$20,000,000 (equivalent to HK$156,000,000) (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at the Offer Price. Assuming an Offer Price of HK$4.58, being the low end of the Offer Price range set out in this prospectus, the total number of Shares that Super Silverwood would subscribe for would be 34,061,000, representing approximately 18.8% of the Offer Shares, and 4.7% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Super Silverwood is a company incorporated in the British Virgin Islands in 2015. Its ultimate controlling shareholders are Mr. LI Dajiang (李大江) and Mr. LI Jintu (李金土). Super Silverwood is principally engaged in investing in hospitals, life science, internet health care and health care products.

Guangzhou RunTian Marketing Co., Ltd (廣州潤鈿營銷策劃有限公司)

Guangzhou RunTian Marketing Co., Ltd ("**RunTian**") has agreed to subscribe for, through a qualified domestic institutional investor, such number of Shares (rounded down to the nearest whole board lot of 500 Shares) as may be purchased with an aggregate amount of US$10,000,000 (equivalent to HK$78,000,000) (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at the Offer Price. Assuming an Offer Price of HK$4.58, being the low end of the Offer Price range set out in this prospectus, the total number of Shares that RunTian would subscribe for would be 17,030,500, representing approximately 9.4% of the Offer Shares, and 2.3% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

RunTian was established in Guangzhou, Guangdong Province, China in November 2011. Its ultimate controlling shareholder is Mr. CHEN Kexin (陳可欣). It is principally engaged in providing marketing planning and distribution services for various customers. RunTian is one of our distributors for our food products.

Town Health Corporate Advisory and Investments Limited

Town Health Corporate Advisory and Investments Limited ("**Town Health**") has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 500 Shares) as may be purchased with an aggregate amount of US$6,000,000 (equivalent to HK$46,800,000) (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at the Offer Price. Assuming an Offer Price of HK$4.58, being the low end of the Offer Price range set out in this prospectus, the total number of Shares that Town Health would subscribe for would be 10,218,000, representing approximately 5.6% of the Offer Shares, and 1.4% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Town Health is a company with limited liability in Hong Kong and was incorporated in November 2004. It is an indirectly wholly-owned subsidiary of Town Health International Medical Group Limited (together with its subsidiaries, the "**TH Medical Group**"), the ordinary shares of which are listed on the Main Board of the Stock Exchange (stock code: 03886). TH Medical Group is principally engaged in (i) healthcare business investments; (ii) provision and management of healthcare and related services; and (iii) properties and securities investments and trading. TH Medical Group offers a diversified range of general practice, special and multidisciplinary healthcare services, involving family medicine and specialty medicine, dentistry, paramedical services and preventive healthcare services.

China New Rich Medicine Holding Co. Limited

China New Rich Medicine Holding Co. Limited ("**China New Rich**") has agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 500 Shares) as may be purchased with an aggregate amount of US$4,000,000 (equivalent to HK$31,200,000) (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at the Offer Price. Assuming an Offer Price of HK$4.58, being the low end of the Offer Price range set out in this prospectus, the total number of Shares that China New Rich would subscribe for would be 6,812,000, representing approximately 3.8% of the Offer Shares, and 0.9% of the Shares in issue immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

China New Rich was incorporated with limited liability in Hong Kong and is a wholly-owned subsidiary of New Ray Medicine International Holding Limited ("**New Ray Medicine**", and together with its subsidiaries, "**New Ray Medicine Group**"). New Ray Medicine was incorporated in Bermuda on 9 August 2012 as an exempted company with limited liability under the laws of Bermuda, and it shares are listed on the Main Board of the Stock Exchange (stock code: 06108). New Ray Medicine Group is an established pharmaceutical distributor headquartered in Hangzhou, Zhejiang Province, China. New Ray Medicine Group is principally engaged in pharmaceutical distribution businesses in China with a focus in Zhejiang Province, China.

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is conditional upon, among others, the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional and not having been terminated.

RESTRICTIONS ON DISPOSALS BY THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that, without the prior written consent of the Company and the Sole Global Coordinator, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date, dispose of any Shares subscribed for pursuant to the respective cornerstone investor agreement (or any interest in any company or entity holding any of the Shares if as a result of that disposal, such company or entity would cease to be a subsidiary unless such company or entity first transfers such Shares back to the relevant Cornerstone Investor or another subsidiary). Each Cornerstone Investor may transfer the Shares so subscribed for in certain limited circumstances, such as transferring to a wholly-owned subsidiary, provided that such a transfer can only be made when the transferee agrees to be subject to the restrictions on disposal imposed on such Cornerstone Investor.

Each of the Cornerstone Investors has also agreed that in the event of any disposal of any of its Offer Shares at any time after the six-month lock-up period, it shall take all reasonable steps to ensure that any such disposal is in compliance with, among others, the Listing Rules, the Companies Ordinance and the SFO.

DIRECTORS

The Board currently consists of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors. The functions and duties of the Board include convening general meetings, implementing the resolutions passed at the general meetings, determining business and investment plans, formulating our annual financial budget and final accounts and formulating our proposals for profit distributions, as well as exercising other powers, functions and duties as conferred by the Articles.

Our senior management is responsible for the day-to-day management and operation of our businesses.

The following table sets forth certain information in respect of the Directors and senior management:

Name	Age	Position	Date of appointment	Date of joining of the Group	Current position and key role	Relationship with other Directors or senior management
Directors						
Ms. JIANG Peizhen (江佩珍) . .	69	Chairman of the Board and non-executive Director	10 February 2015	September 1956	Formulating the overall development strategies and business plans of the Group	Mother of Mr. ZENG Yong
Mr. ZENG Yong (曾勇) . . .	41	Vice Chairman of the Board, executive Director and General Manager	10 February 2015	March 1995	Overseeing the management and strategic development of the Group	Son of Ms. JIANG Peizhen
Mr. HUANG Jianping (黃建平) . .	52	Executive Director, Deputy General Manager and President of Labour Union	10 February 2015	August 1985	Providing strategic advice and guidance on the employee union related matters of the Group	None
Mr. ZENG Kexiong (曾克雄) . .	51	Executive Director and Deputy General Manager	10 February 2015	August 1984	Providing strategic advice and guidance on production, technology and quality inspection related matters of the Group	None

Name	Age	Position	Date of appointment	Date of joining of the Group	Current position and key role	Relationship with other Directors or senior management
Mr. LU Xinghong (呂興鴻) . .	58	Executive Director and Deputy General Manager	10 February 2015	October 1988	Providing strategic advice and guidance on power facilities related matters of the Group	None
Mr. HE Jinqiang (何錦強) . .	45	Executive Director and Deputy General Manager	10 February 2015	August 1991	Providing strategic advice and guidance on labour, personnel and warehouse related matters of the Group	None
Mr. LI Hua (李驊) . . .	44	Independent non-executive Director	10 February 2015	10 February 2015	Supervising and providing independent judgment to the Board	None
Mr. ZHU Jierong (朱頡榕) . .	66	Independent non-executive Director	10 February 2015	10 February 2015	Supervising and providing independent judgment to the Board	None
Mr. CHENG Yiqun (程益群) . .	45	Independent non-executive Director	10 February 2015	10 February 2015	Supervising and providing independent judgment to the Board	None
Senior Management						
Ms. KE Xuening (柯學寧) . .	58	Assistant to General Manager	January 2014	August 1976	Responsible for the audit, accounting and financial management related matters of the Group	None
Ms. LI Qing (李慶) . . .	46	Assistant to General Manager	January 2014	August 1991	Responsible for development and manufacturing related matters of the Group	None
Mr. WU Dong (吳東) . . .	48	Assistant to General Manager	February 2015	July 1990	Responsible for promotion related matters of the Group	None

Non-executive Director

Ms. JIANG Peizhen (江佩珍), aged 69, is the Chairman of the Board and a non-executive Director. Ms. JIANG was appointed as a Director on 10 February 2015 and is primarily responsible for formulating the overall development strategies and business plan of the Group. Ms. JIANG is also a director of Golden Throat Company and Golden Throat Medical. From 1956 to 1998, Ms. JIANG had been working as a staff worker, workshop director, vice president, president and party secretary of Liuzhou No. 2 Sweet Factory (柳州市糖果二廠). Ms. JIANG obtained a Diploma degree in journalism from Beijing Humanities University (北京人文大學) in Beijing, China in May 1987 and a Pharmaceutical Diploma from Guangxi School of Chinese Medicine (廣西中醫學院) (now known as Guangxi University of Chinese Medicine (廣西中醫藥大學)) in Nanning, Guangxi Zhuang Autonomous Region, China, in January 2001. Ms. JIANG is the mother of Mr. ZENG Yong. Ms. JIANG obtained the qualification certificate of senior economist conferred by the Bureau of Scientific and Technological Personnel, Guangxi Zhuang Autonomous Region (廣西壯族自治區科技幹部局) in 1992.

Executive Directors

Mr. ZENG Yong (曾勇), aged 41, is the Vice Chairman of the Board and an executive Director and General Manager. Mr. ZENG was appointed as a Director on 10 February 2015 and is primarily responsible for overseeing the management and strategic development of the Group. Mr. ZENG is also a director of Golden Throat Company and Golden Throat Pharmaceutical. Mr. ZENG joined Golden Throat Company in March 1995 and has gained over 18 years of experience in sales management. Prior to joining the Group, Mr. ZENG worked at the International Affairs Department of the Bank of Communications Guangxi Liuzhou Branch (交通銀行廣西柳州分行) from August 1994 to September 1995. From October 1995 to September 1998, Mr. ZENG also worked at the Advertising Department of the Guangxi Liuzhou Cable TV Network (廣西柳州市有線電視台). Mr. ZENG obtained a Diploma's degree in English from Guangxi Teachers Education University (廣西師範學院) in Nanning, Guangxi Zhuang Autonomous Region, China in June 1994. Mr. ZENG is the son of Ms. JIANG Peizhen.

Mr. HUANG Jianping (黃建平), aged 52, is an executive Director and Deputy General Manager. Mr. HUANG was appointed as a Director on 10 February 2015 and is primarily responsible for providing strategic advice and guidance on the employee union related matter of the Group. Mr. HUANG is also a director of Golden Throat Company and Golden Throat Pharmaceutical. Mr. HUANG joined the Group in August 1985 and has gained over 20 years of experience in pharmaceutical manufacturing. From 1985 to 1998, Mr. HUANG worked as a staff worker, communist party vice secretary and office chief of Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and Golden Throat Company. He graduated from Guangxi Light Industry Technician College (廣西輕工學校) in sugar refinery in Nanning, Guangxi Zhuang Autonomous Region, China in July 1985. Mr. HUANG obtained the qualification certificate of assistant engineer issued by the Liuzhou Municipal Qualification Reform Office (柳州市職稱工作改革辦公室) in 1994.

Mr. ZENG Kexiong (曾克雄), aged 51, is an executive Director and Deputy General Manager. Mr. ZENG was appointed as a Director on 10 February 2015 and is primarily responsible for production, technology and quality inspection related matters of the Group. Mr. ZENG is also a director of Golden Throat Company and Golden Throat Pharmaceutical. Mr. ZENG joined the Group in August 1984 and has gained over 20 years of experience in pharmaceutical manufacturing. From 1984 to 1998, Mr. ZENG worked as a staff worker and department chief of Production and Technology Department of Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and Golden Throat Company. He graduated from Guangxi Light Industry Technician College (廣西輕工學校) in sugar refinery in Nanning, Guangxi Zhuang Autonomous Region, China in July 1984. Mr. ZENG obtained the qualification certificate of engineer conferred by the Liuzhou Municipal Leading Group of Qualification Reform (柳州市職改領導小組) in 1996.

Mr. LU Xinghong (呂興鴻), aged 58, is an executive Director and Deputy General Manager. Mr. LU was appointed as a Director on 10 February 2015 and is primarily responsible for power plants related matters of the Group. Mr. LU is also a director of Golden Throat Company and Golden Throat Pharmaceutical. He joined the Group in October 1988 and has gained over 20 years of experience in pharmaceutical manufacturing. From 1988 to 1998, Mr. LU worked as a staff worker and department chief of Power Plants Department of Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and Golden Throat Company. He obtained a Bachelor's degree in mechanical maintenance from Guangxi University (廣西大學) in Nanning, Guangxi Zhuang Autonomous Region, China in August 1982. Mr. LU obtained the qualification certificate of senior engineer issued by the Personnel Department of Guangxi Zhuang Autonomous Region (廣西壯族自治區人事廳) in 1996.

Mr. HE Jinqiang (何錦強), aged 45, is an executive Director and Deputy General Manager. Mr. HE was appointed as a Director on 10 February 2015 and is primarily responsible for labour, personnel and warehouse related matters of the Group. Mr. HE is also a director of Golden Throat Company, Golden Throat Health Food and Golden Throat Pharmaceutical. Mr. HE joined the Group in August 1991 and has gained over 20 years of experience in pharmaceutical manufacturing. From 1991 to 1998, Mr. HE worked as a staff worker of Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and Golden Throat Company. He obtained a Bachelor's degree in food science from Guangxi University (廣西大學) in Nanning, Guangxi Zhuang Autonomous Region, China in July 1991. Mr. HE obtained the qualification certificate of engineer conferred by the Liuzhou Municipal Leading Group of Qualification Reform (柳州市職改領導小組) in 1996.

Independent non-executive Directors

Mr. LI Hua (李驊), aged 44, is an independent non-executive Director. Mr. LI was appointed as a Director on 10 February 2015 and is primarily responsible for supervising and providing independent judgment to the Board. Mr. LI has over 20 years experience in the auditing and accounting in various industries. Since 2005, Mr. LI has been acting as the chairman of Guangxi Tianhua Certified Public Accountants Co., Ltd. (廣西天華會計師事務所有限責任公司). Prior to this, Mr. LI served as the chief account of Guangxi Zhengze Certified

Public Accountants (廣西正則會計師事務所) from 1999 to 2004. Mr. LI also currently serves as an independent director of Liuzhou Chemical Industry Co., Ltd (柳州化工股份有限公司) (Shanghai Stock Exchange, Stock Code: 600423) and Liuzhou Iron & Steel Co., Ltd. (柳州鋼鐵股份有限公司) (Shanghai Stock Exchange, Stock Code: 601003), standing director of Guangxi Accounting Society (廣西會計學會), vice president of Liuzhou Accounting Society (柳州會計學會) and chairman of professional advisory committee of Guangxi Institute of Certified Public Accountants (廣西註冊會計師協會專業諮詢委員會). Mr. LI is a Chinese certified public accountant recognised by the Certified Accountants Examination Committee of the Ministry of Finance in May 1995, certified public valuer recognised by the Ministry of Finance in April 1997 and certified tax agent jointly recognised by the Ministry of Human Resources and Social Security of the PRC and the SAT in 1999. Mr. LI obtained a Bachelor's degree in accounting from Shanghai University of Finance and Economics (上海財經大學) in Shanghai, China in July 1993.

Mr. ZHU Jierong (朱頡榕), aged 66, is an independent non-executive Director. Mr. ZHU was appointed as a Director on 10 February 2015 and is primarily responsible for supervising and providing independent judgment to the Board. Mr. ZHU has over 20 years experience in engineering and management. From 2002 to 2012, Mr. ZHU has been acting as deputy general manager of Zhejiang Shibao Company Limited (浙江世寶股份有限公司) (Stock Code: 1057) and has been acting as a director thereof since June 2004. Prior to this, Mr. ZHU worked as deputy technical director and deputy chief engineer in automotive steering plant of Zhejiang Wanda Group Corporation (浙江萬達集團) and other entities from 1990 to 2002. Mr. ZHU is a fellow member of the Hong Kong Institute of Directors since October 2014. Mr. ZHU graduated from Management Institute of Automotive Technology (汽車工業管理幹部學院) (now known as Hubei University of Automotive Technology (湖北汽車工業學院)) in Wuhan, Hubei Province, China in August 1987.

Mr. CHENG Yiqun (程益群), aged 45, is an independent non-executive Director. Mr. CHENG was appointed as a Director on 10 February 2015 and is primarily responsible for supervising and providing independent judgment to the Board. Mr. CHENG has over 14 years experience in providing legal services. Mr. CHENG joined Commerce & Finance Law Offices in 2001 and has been a partner since 2009. During the above period, Mr. CHENG also served as an independent director of Anshan Heavy Duty Mining Machinery Co., Ltd. (鞍山重型礦山機器股份有限公司) (Shenzhen Stock Exchange, Stock Code: 002667) from August 2010 to December 2013. Mr. CHENG is a PRC practising lawyer recognised by the Ministry of Justice of the PRC in August 2009. Mr. CHENG obtained a Bachelor's degree in laws from Wuhan University in Wuhan, Hubei Province, China in July 1997.

SENIOR MANAGEMENT

Ms. KE Xuening (柯學寧), aged 58, is the Assistant to General Manager and the Head of our Finance Department of the Group. She was appointed as the Assistant to General Manager and the Head of our Finance Department in January 2014 and February 2001, respectively, and is primarily responsible for the audit, accounting and financial management related matters of the Group. Ms. KE joined the Group in August 1976 and has gained over 35 years of experience in financial management. From August 1976 to 2001, Ms. KE worked as a staff worker of Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and an internal auditor of Golden Throat Company. Ms. KE was certified as an auditor jointly by the National Audit Office of the PRC and the Ministry of Human Resources and Social Security of the PRC in November 1992. She obtained a Diploma's degree in accounting from Guilin College of Electric Industry (桂林電子工業學院) (now known as Guilin University of Electrical Technology (桂林電子科技大學)) in Guilin, Guangxi Zhuang Autonomous Region, China in 2008.

Ms. LI Qing (李慶), aged 46, is the Assistant to General Manager and Deputy Head of our Manufacturing Technology Department of the Group. She was appointed as the Assistant to General Manager and Deputy Head of our Manufacturing Technology Department in January 2014 and April 2010, respectively, and is primarily responsible for the development and manufacturing related matters of the Group. Ms. LI joined the Group in August 1991 and has gained over 20 years of experience in pharmaceutical manufacturing. From 1991 to 1998, Ms. LI worked as a technology management staff in Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and Golden Throat Company. She obtained a Bachelor's degree in food science from Chengdu University of Science and Technology (成都科技大學) (now a part of Sichuan University (四川大學)) in Chengdu, Sichuan Province, China in 1991, and a professional part-time Diploma's degree in pharmacy from Guangxi School of Chinese Medicine (廣西中醫學院) (now known as Guangxi University of Chinese Medicine (廣西中醫藥大學)) in Nanning, Guangxi Zhuang Autonomous Region, China, in 2001. Ms. LI obtained the qualification certificate of engineer conferred by the Liuzhou Municipal Leading Group of Qualification Reform (柳州市職改領導小組) in 1996 and obtained the qualification certificate of licensed pharmacist conferred by the MOH in 2002.

Mr. WU Dong (吳東), aged 48, is the Assistant to General Manager. He was appointed as the Assistant to the General Manager in February 2015 and is primarily responsible for promotion related matters of the Group. Mr. WU joined the Group in July 1990 and has gained over 20 years of experience in pharmaceutical manufacturing. From 1990 to 1998, Mr. WU worked as a staff worker of Liuzhou No. 2 Sweet Factory (柳州市糖果二廠) and from 1998 to 2014, Mr. WU worked as the first deputy director of the General Manager Office of Golden Throat Company. He obtained a Diploma's degree in administrative management from Guangxi School of Industry (廣西工學院) (now known as Guangxi University of Science and Technology (廣西科技大學)) in Liuzhou, Guangxi Zhuang Autonomous Region, China in 1990. Mr. WU obtained the qualification certificate of assistant professional for political work (助理政工師) conferred by the Office of the Leading Group of Qualification Conference of Political Work in Enterprises in Guangxi Zhuang Autonomous Region (廣西壯族自治區企業思想政治工作人員專業職務評定工作領導小組辦公室) in 1999.

Save as disclosed herein, no Directors or members of our senior management held any directorship positions in any other listed companies within the three years immediately preceding the date of this prospectus.

COMPANY SECRETARY

Ms. NG Wingshan (吳詠珊), aged 38, was appointed as the company secretary of the Company on 13 February 2015. Ms. NG has been employed by SW Corporate Services Group Limited since October 2014 and currently is Assistant Vice President in its Corporate Secretarial Department. Prior to this, Ms. NG worked as a secretarial officer, a senior secretarial officer, an assistant manager and a manager in KCS Hong Kong Limited from December 2006 to October 2014. Ms. NG has over 10 years of professional and in-house experience in the company secretarial field. Ms. NG has been an associate member of The Hong Kong Institute of Chartered Secretaries since April 2010 and The Institute of Chartered Secretaries and Administrators in the United Kingdom since April 2010.

COMPLIANCE ADVISER

We have appointed Somerley Capital Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules to advise us on the following matters in accordance with Rule 3A.23 of the Listing Rules:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of the Group deviate from any forecast, estimate or other information in this prospectus; and

(d) where the Stock Exchange makes an inquiry of us of unusual movements in the price or trading volume of our listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of the appointment will commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results as required under Rule 13.46 of the Listing Rules for the first full financial year commencing after the Listing Date and such appointment may be extended by mutual agreement.

BOARD COMMITTEES

The Board delegates certain responsibilities to various committees. In accordance with the corporate governance practice prescribed in the Listing Rules, the Company has formed three Board committees, namely the audit committee, the remuneration committee and the nomination committee.

Audit Committee

The Company established the audit committee of the Company on 13 February 2015, with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The audit committee of the Company consists of three independent non-executive Directors, being Mr. LI Hua, Mr. ZHU Jierong and Mr. CHENG Yiqun. Mr. ZHU Jierong has been appointed as the chairman of the audit committee of the Company, and is the independent non-executive Director with the appropriate professional qualifications. The primary duties of the audit committee of the Company are to provide the Directors with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of the Group, to oversee the audit process and to perform other duties and responsibilities as assigned by the Directors.

Remuneration Committee

The Company established the remuneration committee of the Company on 13 February 2015, with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The remuneration committee of the Company consists of two independent non-executive Directors, being Mr. LI Hua and Mr. CHENG Yiqun and one executive Director, being Mr. HE Jinqiang. Mr. LI Hua, an independent non-executive Director, has been appointed as the chairman of the remuneration committee of the Company. The primary duties of the remuneration committee of the Company include (but without limitation): (i) making recommendations to the Directors on our policy and structure for remunerations of all the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; and (ii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time.

Nomination Committee

The Company established the nomination committee of the Company on 13 February 2015, with written terms of reference in compliance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The nomination committee of the Company consists of two independent non-executive Directors, being Mr. ZHU Jierong and Mr. CHENG Yiqun and one non-executive Director, being Ms. JIANG Peizhen. Ms. JIANG Peizhen has been appointed as the chairman of the nomination committee of the Company. The primary duties of the nomination committee of the Company are to make recommendations to the Directors on all new appointments of the Directors and senior management, interviewing nominees, to take up references and to consider related matters.

DIRECTORS' AND SENIOR MANAGEMENT'S COMPENSATION

The Directors and senior management receive compensation from the Group in the form of fees, salaries, contributions to pension schemes and allowances and benefits in kind. The aggregate remuneration (including fees, salaries, contributions to pension schemes, share-based compensation expenses, discretionary bonuses, housing and other allowances and other benefits in kind) we paid to the Directors in respect of the three years ended 31 December 2012, 2013 and 2014 were RMB7.5 million, RMB7.3 million and RMB7.6 million, respectively. Further information on the remuneration of each Director during the Track Record Period is set out in Note 8 to the Accountants' Report as set out in Appendix I to this prospectus.

The five highest paid individuals of the Group in respect of the three years ended 31 December 2012, 2013 and 2014 included five, five and five Directors, respectively, whose remunerations are included in the aggregate amount of fees, salaries, contributions to pension schemes, share-based compensation expenses, discretionary bonuses, housing and other allowances and other benefits in kind we paid to the relevant Directors set out above.

Under the arrangements currently in force, the aggregate amount of remuneration (excluding any discretionary bonus which may be paid) payable to the Directors for the year ending 31 December 2015 is estimated to be approximately RMB4 million.

During the Track Record Period, no remuneration was paid to the Directors or the five highest paid individuals as an inducement to join or upon joining the Group. No compensation was paid to, or receivable by, the Directors or past Directors or the five highest paid individuals during the Track Record Period for the loss of office as director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group.

Save as disclosed above, no other payments have been paid or are payable in respect of the Track Record Period to the Directors by the Group. None of the Directors waived any emoluments during the Track Record Period.

The Articles provide that the ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting and shall (unless otherwise directed by the resolution by which it is voted) be divided amongst the Board in such proportions and in such manner as the Board may agree. The Board of Directors will also review and determine the remuneration and compensation packages of the senior management which, following the Listing, will receive recommendation from the remuneration committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of the senior management and performance of the Group.

WAIVER FROM THE STOCK EXCHANGE

Management presence

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, please see the section headed "Waivers from Compliance with the Listing Rules – Management Presence" in this prospectus.

FUTURE PLANS

See the section headed "Business – Our Strategies and Future Plans" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The table below sets forth the estimate of the net proceeds of the Global Offering which we will receive after deduction of the estimated underwriting commissions, any discretionary incentive fee and expenses payable by us in connection with the Global Offering:

	Assuming the Over-allotment Option is not exercised	**Assuming the Over-allotment Option is exercised in full**
Assuming an Offer Price of HK$5.43 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus)	Approximately HK$910.8 million	Approximately HK$1,054.2 million
Assuming an Offer Price of HK$6.28 per Offer Share (being the high end of the Offer Price range stated in this prospectus)	Approximately HK$1,060.4 million	Approximately HK$1,226.2 million
Assuming an Offer Price of HK$4.58 per Offer Share (being the low end of the Offer Price range stated in this prospectus)	Approximately HK$761.2 million	Approximately HK$882.1 million

We intend to use the net proceeds of the Global Offering for the following purposes assuming an Offer Price of HK$5.43 (being the mid-point of the Offer Price range):

(i) approximately 23%, or HK$209.3 million, will be used for the construction of a new medicines production and research and development base in Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region or on an alternative plot of land, of which:

a. approximately 14%, or HK$126.8 million, will be used for building construction;

b. approximately 7%, or HK$63.4 million, will be used for the procurement of new production and packaging equipment, a series of which will have designed annual capacity of manufacturing 198.5 million Golden Throat Lozenges (OTC) by 2017;

c. approximately 1%, or HK$12.7 million, will be used for ancillary facilities including setting up a new quality control centre; and

d. approximately 1%, or HK$6.4 million, will be used for relocation costs;

(ii) approximately 21%, or HK$190.2 million, will be used for the conversion of our current headquarters at No. 28, Yuejin Road, Liuzhou, Guangxi Zhuang Autonomous Region into a food production plant and food research and development centre, of which:

a. approximately 16%, or HK$145.8 million, will be used for building construction; and

b. approximately 5%, or HK$44.4 million, will be used for the procurement of new production and packaging equipment;

(iii) approximately 32%, or HK$287.1 million, will be used for market expansion in 2015, 2016 and 2017, of which:

a. approximately 20%, or HK$185.6 million, will be used for advertising and promoting our pharmaceutical and food products, including, amongst others, retaining advertising agents, maintaining advertisement coverage through various media and engaging celebrity endorsements. Approximately 88.2%, 3.6% and 8.2% of HK$185.6 million will be spent on Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and Golden Throat Lozenge Vegetable Beverages Series Products, respectively;

b. approximately 9%, or HK$82.4 million, will be used for expanding and enhancing our current distribution network and local sales teams and setting up cooperation with strategic partners for our existing and new products. Approximately 55.4%, 27.7% and 16.9% of HK$82.4 million will be spent on Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and Golden Throat Lozenge Vegetable Beverages Series Products, respectively; and

c. approximately 2%, or HK$19.1 million, will be used for developing overseas markets;

(iv) approximately 9%, or HK$82.4 million, will be used for product development, of which:

a. approximately 5%, or HK$44.4 million, will be used for the further development of our food products; and

b. approximately 4%, or HK$38.0 million, will be used for research and development of our pharmaceutical products;

(v) approximately 4%, or HK$38.0 million, will be used for the establishment of a Chinese herbs processing base on our current site in Laibin, Guangxi Zhuang Autonomous Region;

(vi) approximately 1%, or HK$12.7 million, for the refinement and upgrade of our electronic tracking code systems to better monitor the distribution of our pharmaceutical and food products; and

(vii) the remaining amount of approximately 10%, or HK$91.1 million, will be used to provide funding for our working capital and other general corporate purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the estimated offer price range.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into short-term demand deposits and/or money market instruments. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

Sole Lead Manager

Credit Suisse (Hong Kong) Limited

Co-lead Manager

Ping An of China Securities (Hong Kong) Company Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 18,159,000 Hong Kong Offer Shares and the International Offering of initially 163,431,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering" in this prospectus as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on or around 29 June 2015. Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares (subject to reallocation) for subscription on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

If any of the events set out below shall occur at any time prior to 8:00 a.m. on the Listing Date, the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) in its absolute discretion may, by giving a written notice to the Company, terminate the Hong Kong Underwriting Agreement with immediate effect:

(a) there develops, occurs, exists or comes into force:

(i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, large scale outbreaks of diseases, economic sanctions, strikes, labour disputes, lock-outs, fire, explosion, flooding, earthquake, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism (whether or not responsibility has been claimed)) in or affecting Hong Kong, the Cayman Islands, the BVI, the PRC, the United States, the European Union (or any member thereof) or any other jurisdiction relevant to any member of the Group (the "**Relevant Jurisdictions**");

(ii) any change or development involving a prospective change, or any event or series of events likely to result in any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions, equity securities or other financial markets (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;

(iii) any moratorium, suspension or restriction in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange;

(iv) any general moratorium on commercial banking activities in any Relevant Jurisdictions declared by the relevant authorities or any material disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in those places or jurisdictions;

(v) any new law or regulation or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any Governmental Authority in or affecting any of the Relevant Jurisdictions;

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions;

(vii) any valid demand by any creditor for repayment or payment of any material indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or

(viii) any change or development involving a prospective change or amendment in taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or Renminbi against any foreign currencies, a material change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions,

which, individually or in the aggregate, in the sole opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), (1) has or will or may have a material adverse effect on the assets, liabilities, business, management, prospects, results of operations, financial or trading position or condition, of the Group as a whole, (2) has or will have or may have a material adverse effect on the success of the Global Offering, (3) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for the Global Offering to proceed, or (4) has or will or may have the effect of making any material part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Sole Global Coordinator after the date of the Hong Kong Underwriting Agreement:

(i) that any statement contained in this prospectus, the Application Forms, the formal notice in connection with the Hong Kong Public Offering (the "**Formal Notice**") and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto but excluding

Underwriter Information (as defined in the Hong Kong Underwriting Agreement)) was, when it was issued, or has become, untrue, incorrect, inaccurate or misleading in any material respects, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents is not fair and honest and based on reasonable assumptions;

(ii) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from this prospectus, the Application Forms, the Formal Notice and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto);

(iii) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Sole Global Coordinator, the Sole Sponsor or the Underwriters);

(iv) any event, act or omission which gives or is likely to give rise to any material liability of any of the Warrantors pursuant to the indemnities given by any of them under the Hong Kong Underwriting Agreement;

(v) that there is any adverse change or development or likely to be any prospective adverse change or development in the assets, liabilities, business, management, prospects, results of operations, financial or trading position or condition, of the Group as a whole and the effect of which is, in the sole opinion of the Sole Global Coordinator, so material and adverse as to make it impracticable or inadvisable to proceed with the Global Offering;

(vi) any breach of, or any event rendering untrue or incorrect in any respect, any of the Warranties given by any of the Warrantors in the Hong Kong Underwriting Agreement which is material in the context of the Global Offering;

(vii) that the approval by the Listing Committee of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering is refused or not granted, other than subject to customary conditions, on or before the date of the listing, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld;

(viii) that the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering;

(ix) any litigation or dispute or threatened litigation or dispute, which would materially and adversely affect the operation, financial condition or reputation of the Group;

(x) any order or petition for the winding-up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group; or

(xi) any material change or prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus.

For purposes of this subsection, a "prospective change" shall not include a proposed change which is subject to consultation and in respect of which no decision has been made by the relevant Governmental Authority for enactment, approval, announcement or promulgation as law or regulation.

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that we will not, at any time within six months from the Listing Date, issue any Shares or other securities convertible into equity securities of us (whether or not of a class already listed) or enter into any agreement or arrangement to issue any Shares or such other securities (whether or not such issue of the Shares or such other securities will be completed within six months from the Listing Date), except pursuant to the Global Offering (including the Over-allotment Option) or under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to us that, except for any lending of the Shares pursuant to the Stock Borrowing Agreement, it will not (and will procure that the relevant registered holder(s) will not):

(i) in the period commencing on the date by reference to which disclosure of its shareholding in the Company is made in this prospectus and ending on the date which is six months from the date on which dealings in the Shares commence on the Stock Exchange, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner; and

(ii) during the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in the immediately preceding paragraph (i) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a Controlling Shareholder of us,

in each case, save as permitted under the Listing Rules.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and to us that, within the period commencing on the date by reference to which disclosure of its shareholding in us is made in this prospectus and ending on the date which is 12 months from the date on which dealings in the Shares commence on the Stock Exchange, it will:

(a) when it pledges or charges any Shares or other securities beneficially owned by it in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules for a bona fide commercial loan, immediately inform us of such pledge or charge together with the number of the Shares so pledged or charged; and

(b) when it receives indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform us of such indications.

Undertakings pursuant to the Hong Kong Underwriting Agreement

Undertakings by the Company

We have undertaken to the Sole Global Coordinator, the Sole Bookrunner, the Sole Sponsor, the Sole Lead Manager, the Hong Kong Underwriters and each of them not to (save for the issue, offer, or sale of the Offer Shares pursuant to the Global Offering) without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, at any time during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on the date falling six months after the Listing Date (the "**First Six-Month Period**"):

(i) offer, allot, issue, sell, contract to allot, issue or sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, either directly or indirectly, any of the share capital or other securities of the Company or any interest therein (including, but not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein (including, without limitation, any securities of which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) offer to or agree to or publicly disclose that the Company will or may enter into any such transaction described in paragraphs (i), (ii) or (iii) above,

in each case, whether any such transaction described in paragraphs (i), (ii) or (iii) above is to be settled by delivery of the Shares or other securities, in cash or otherwise, provided that the foregoing restrictions shall not apply to the issue of the Shares by the Company pursuant to the Global Offering (including pursuant to the exercise of the Over-allotment Option). In the event that, during the six-month period immediately following the First Six-Month Period (the "**Second Six-Month Period**"), the Company enters into any such transactions or agrees or contracts to, or publicly announces an intention to, enter into any such transactions, the Company will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

Undertakings by the Controlling Shareholders

The Controlling Shareholders agree and undertake to the Company, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager and the Hong Kong Underwriters that, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules:

(a) save for any lending of the Shares by Golden Throat International pursuant to the Stock Borrowing Agreement, during the First Six-Month Period, he/it will not:

(i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital or other securities of the Company or any interest therein (including but not limited to any securities that are convertible into or exchangeable for, or that represent the right to receive, any such capital or securities or any interest therein); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any such capital or securities or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares), or agree to transfer or dispose of or create an Encumbrance (as defined in the Hong Kong Underwriting Agreement) over, either directly or indirectly, conditionally or unconditionally, any Shares, or any other equity securities of the Company or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or represent the right to receive, or any warrants or other rights to purchase, any Shares); or

(iii) enter into any transaction with the same economic effect as any transaction described in paragraphs (i) or (ii) above; or

(iv) publicly disclose that he/it will or may enter into any transaction described in paragraphs (i), (ii) or (iii) above,

whether any such transaction described in (i), (ii) or (iii) above is to be settled by delivery of such capital or securities, in cash or otherwise;

(A) during the Second Six-Month Period, he/it will not enter into any transaction described in paragraphs (a)(i), (ii) or (iii) above or agree or contract to or publicly announce any intention to enter into any such transaction if, immediately following such transaction, any of the Controlling Shareholders would cease to be a "controlling shareholder" (as defined in the Listing Rules) of the Company; and

(B) until the expiry of the Second Six-Month Period, in the event that he/it enters into any such transactions specified in paragraphs (a)(i), (ii) or (iii) above or agrees or contracts to, or publicly announces an intention to enter into any such transactions, he/it will take all reasonable steps to ensure that he/it will not create a disorderly or false market in the securities of the Company.

(b) at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling 12 months after the Listing Date, he/it shall, amongst others:

(i) if and when he/it pledges or charges any securities or interests in the securities of the Company beneficially owned by he/it, immediately inform the Company and the Sole Global Coordinator in writing of such pledge or charge together with the number of securities so pledged or charged; and

(ii) if and when he/it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company will be disposed of, immediately inform the Company and the Sole Global Coordinator in writing of such indications.

The Company agrees and undertakes that upon receiving such information in writing from any of the Controlling Shareholders, it shall, as soon as practicable and if required pursuant to the Listing Rules, notify the Stock Exchange and make a public disclosure in relation to such information by way of press announcement.

Hong Kong Underwriters' Interests in the Company

Save for their respective obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement and, if applicable, the Stock Borrowing Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested legally or beneficially, directly or indirectly, in any Shares or other securities of us or any other member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any Shares or other securities of us or any other member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, we and the Controlling Shareholders expect to enter into the International Underwriting Agreement with the International Underwriters. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally to initially being offered pursuant to the International Offering. See the section headed "Structure of the Global Offering – The International Offering" in this prospectus.

Commissions and Expenses

The Hong Kong Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price payable for the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering. For unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the International Underwriters and not the Hong Kong Underwriters. The commissions payable to the Underwriters will be borne by the Company with respect to the new Offer Shares to be issued by the Company under the Global Offering (including pursuant to the exercise of the Over-allotment Option). The Company may, at its sole direction, pay to the Sole Global Coordinator an incentive fee up to 0.5% of the Offer Price multiplied by the total number of Hong Kong Offer Shares.

The aggregate underwriting commissions and fees payable to the Underwriters, together with the Stock Exchange listing fees, the SFC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses in relation to the Global Offering are estimated to be approximately RMB59.3 million (assuming an Offer Price of HK$5.43 per Offer Share (which is the mid-point of the indicative Offer Price range), the Over-allotment Option is not exercised) and will be paid by us.

Indemnity

We have agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

INDEPENDENCE OF THE SOLE SPONSOR

Credit Suisse (Hong Kong) Limited satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilising process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers.

In relation to the Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the Shares (which financing may be secured by the Shares) in the Global Offering, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares, which may have a negative impact on the trading price of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilising period described in the section headed "Structure of the Global Offering" in this prospectus. Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilising Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilising or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to us and our affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. Credit Suisse is the Sole Global Coordinator of the Global Offering.

The Global Offering (subject to reallocation and the Over-allotment Option) comprises:

(i) the Hong Kong Public Offering of initially 18,159,000 Shares (subject to reallocation) in Hong Kong as described in the subsection headed "– The Hong Kong Public Offering" below; and

(ii) the International Offering of initially 163,431,000 Shares (subject to reallocation and the Over-allotment Option) (a) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in accordance with Regulation S and (b) in the United States to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act, as described in the subsection headed "– The International Offering" below.

Investors may either:

(i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or

(ii) apply for or indicate an interest for International Offer Shares under the International Offering,

but may not do both.

The Offer Shares will represent 25.0% of the issued share capital of the Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 27.7% of the enlarged issued share capital of us immediately following the completion of the Global Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering may be subject to reallocation as described in the subsection headed "– the Hong Kong Public Offering – Reallocation" below.

References in this prospectus to applications, Application Forms, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

We are initially offering 18,159,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering. The Hong Kong Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent 2.5% of the total issued share capital of the Company immediately following the completion of the Global Offering assuming that the Over-allotment Option is not exercised.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in the subsection headed "– Conditions of the Global Offering" below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally (to the nearest board lot) into two pools: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are undersubscribed, such undersubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 9,079,500 Hong Kong Offer Shares are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under the Listing Rules. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times and (iii) 100 times or more of the total number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering. As a result of such reallocation, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 54,477,000 Offer Shares (in the case of (i)), 72,636,000 Offer Shares (in the case of (ii)) and 90,795,000 Offer Shares (in the case of (iii)), representing approximately 30%, 40% and 50% of the total number of Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option). In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sole Global Coordinator deems appropriate. In addition, the Sole Global Coordinator may reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed for, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sole Global Coordinator deems appropriate.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is breached and/or untrue (as the case may be) or if it has been or will be placed or allocated International Offer Shares under the International Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum offer price of HK$6.28 per Offer Share in addition to the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$3,171.6 for one board lot of 500 Shares. If the Offer Price, as finally determined in the manner described in the subsection headed "– Pricing and Allocation" below, is less than the maximum offer price of HK$6.28 per Offer Share, appropriate refund payments (including the brokerage, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. See the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

Subject to reallocation as described above and the Over-allotment Option, the International Offering will consist of an offering of initially 163,431,000 Offer Shares, representing 90% of the total number of Offer Shares initially available under the Global Offering.

Allocation

The International Offering will include selective marketing of Offer Shares to QIBs in the United States as well as institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the subsection headed "– Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the Listing. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Company and the Shareholders as a whole.

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allotment of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the clawback arrangement described in the subsection headed "– The Hong Kong Public Offering – Reallocation" above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, we are expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Sole Global Coordinator at any time during the 30 day period from the last day for lodging applications under the Hong Kong Public Offering, to require us to issue up to an aggregate of 27,238,500 additional Offer Shares, representing not more than 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to, amongst others, cover over-allocations in the International Offering, if any. If the Over-allotment Option is exercised, an announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising action. Such stabilising action, if taken, (i) will be conducted at the absolute discretion of the Stabilising Manager or any person acting for it and in what the Stabilising Manager reasonably regards as the best interest of us, (ii) may be discontinued at any time and (iii) is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offering.

Stabilisation action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimising any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares, (iii) purchasing, or agreeing to purchase, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilising Manager or any person acting for it may, in connection with the stabilising action, maintain a long position in the Shares;

- there is no certainty as to the extent to which and the time or period for which the Stabilising Manager or any person acting for it will maintain such a long position;

- liquidation of any such long position by the Stabilising Manager or any person acting for it and selling in the open market, may have an adverse impact on the market price of the Shares;

- no stabilising action can be taken to support the price of the Shares for longer than the stabilisation period, which will begin on the Listing Date, and is expected to expire on Wednesday, 5 August 2015, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and

- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

We will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilising) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

Over-allocation

Following any over-allocation of the Shares in connection with the Global Offering, the Stabilising Manager (or any person acting for it) may cover such over-allocations by, amongst others, exercising the Over-allotment Option in full or in part, by using Shares purchased by the Stabilising Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or through the stock borrowing arrangement as detailed below or a combination of these means.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager or any person acting for it may choose to borrow up to 27,238,500 Shares (being the maximum number of the Shares which may be issued pursuant to the exercise of the Over-allotment Option) pursuant to the Stock Borrowing Agreement, which is expected to be entered into between the Stabilising Manager or any person acting for it and Golden Throat International on or around 6 July 2015, or acquire Shares from other sources, including exercising the Over-allotment Option or by making purchases in the secondary market at prices that do not exceed the Offer Price.

If such stock borrowing arrangement with Golden Throat International is entered into, it will only be effected by the Stabilising Manager or any person acting for it for the settlement of over-allocations in the International Offering and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set out in Rule 10.07(3) of the Listing Rules, being that the Stock Borrowing Agreement will be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering, are complied with.

The same number of the Shares so borrowed must be returned to Golden Throat International or its nominees, as the case may be, on or before the third Business day following the earlier of (i) the last day for exercising the Over-allotment Option and (ii) the day on which the Over-allotment Option is exercised in full.

The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Golden Throat International by the Stabilising Manager or any person acting for it in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or about Monday, 6 July 2015 and, in any event, not later than Tuesday, 14 July 2015, by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and us, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$6.28 per Offer Share and is expected to be not less than HK$4.58 per Offer Share unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the maximum offer price of HK$6.28 per Offer Share plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK$3,171.6 for one board lot of 500 Shares. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the Offer Price range stated in this prospectus.

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

The Sole Global Coordinator, on behalf of the Underwriters, may, where it deems appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of us, reduce the number of Offer Shares offered and/or the Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Company and the Stock Exchange at **www.goldenthroat.com** and **www.hkexnews.hk**, respectively, notices of the reduction. Upon the issue of such a notice, the revised number of Offer Shares and/or the Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator (on behalf of the Underwriters) and us, will be fixed within such revised Offer Price range. Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. In the absence of any such notice so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Sole Global Coordinator (on behalf of the Underwriters) and us, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocation of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is conditional upon the International Underwriting Agreement being signed and becoming unconditional and is subject to us and the Sole Global Coordinator (on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarised in the section headed "Underwriting" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering on the Main Board of the Stock Exchange (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option), and such listing and permission not subsequently having been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(ii) the Offer Price having been agreed between us and the Sole Global Coordinator (on behalf of the Underwriters) on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective Underwriting Agreements

(unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between us and the Sole Global Coordinator (on behalf of the Underwriters) on or before Tuesday, 14 July 2015, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst others, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by us in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the websites of the Stock Exchange at **www.hkexnews.hk** and us at **www.goldenthroat.com** on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares – 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Offer Shares will only become valid at 8:00 a.m. on Wednesday, 15 July 2015 provided that the Global Offering has become unconditional in all respects and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, 15 July 2015, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, 15 July 2015.

The Shares will be traded in board lots of 500 Shares each and the stock code of the Shares will be 06896.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest in International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you:

- are an existing beneficial owner of the Shares in the Company and/or any its subsidiaries;
- are a Director or general manager of the Company and/or any of its subsidiaries;
- are an associate (as defined in the Listing Rules) of any of the above;
- are a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 30 June 2015 until 12:00 noon on Monday, 6 July 2015 from:

(i) any of the following offices of the Hong Kong Underwriters:

Credit Suisse (Hong Kong) Limited	Level 88, International Commerce Centre 1 Austin Road West Kowloon Hong Kong
Ping An of China Securities (Hong Kong) Company Limited	28/F, 169 Electric Road North Point Hong Kong

(ii) any of the following branches of the receiving bank:

Standard Chartered Bank (Hong Kong) Limited

	Branch	Address
Hong Kong Island . .	88 Des Voeux Road Branch	88 Des Voeux Road Central, Central
	Hennessy Road Branch	399 Hennessy Road, Wanchai
	Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
	Aberdeen Branch	Shop 4A, G/F and Shop 1, 1/F, Aberdeen Centre Site 5, No. 6-12 Nam Ning Street, Aberdeen
Kowloon	Kwun Tong Branch	G/F, 414 Kwun Tong Road Kowloon
	Tsimshatsui Branch	G/F, 8A-10 Granville Road, Tsimshatsui
	Mei Foo Stage I Branch	G/F, 1C Broadway, Mei Foo Sun Chuen Stage I, Lai Chi Kok
New Territories . . .	Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan
	Metroplaza Branch	Shop No. 175-176, Level 1, Metroplaza, 223 Hing Fong Road, Kwai Chung
	Shatin Plaza Branch	Shop No. 8, Shatin Plaza, 21-27 Shatin Centre Street, Shatin

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 30 June 2015 until 12:00 noon on Monday, 6 July 2015 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Horsford Nominees Limited – Golden Throat Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- Tuesday, 30 June 2015 – 9:00 a.m. to 5:00 p.m.
- Thursday, 2 July 2015 – 9:00 a.m. to 5:00 p.m.
- Friday, 3 July 2015 – 9:00 a.m. to 5:00 p.m.
- Saturday, 4 July 2015 – 9:00 a.m. to 1:00 p.m.
- Monday, 6 July 2015 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, 6 July 2015, the last day for applications or such later time as described in the section headed "How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, amongst other things, you:

(i) undertake to execute all relevant documents and instruct and authorise the Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to the Company, the Hong Kong Share Registrar, the receiving bank, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sole Global Coordinator and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise the Company to place your name(s) or the name of the HKSCC Nominees on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allocation of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service by you or by anyone as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Terms and Conditions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH THE WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in the section headed "How to Apply for Hong Kong Offer Shares – 2. Who can apply" in this prospectus may apply through the **White Form eIPO** service for the Offer Shares to be allocated and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorise the **White Form eIPO** service provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO service

You may submit your application through the **White Form eIPO** service at **www.eipo.com.hk** (24 hours daily, except on the last day for applications) from 9:00 a.m. on Tuesday, 30 June 2015 until 11:30 a.m. on Monday, 6 July 2015 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, 6 July 2015 or such later time under the section headed "How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

No Multiple Applications

If you apply by means of the **White Form eIPO** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

Only one application may be made for the benefit of any person. If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of the **White Form eIPO** service is to save the use of paper via the self-service and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2.00 for each "GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of DongJiang – Hong Kong Forest" project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Sole Global Coordinator and the Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- **agree** that the Hong Kong Offer Shares to be allocated shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- **agree** to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- **undertake** and **confirm** that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

- (if the **electronic application instructions** are given for your benefit) **declare** that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) **declare** that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- **confirm** that you understand that the Company, the Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allocation of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- **authorise** the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- **confirm** that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- **agree** that none of the Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- **agree** to disclose your personal data to the Company, the Hong Kong Share Registrar, the receiving bank, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents;

- **agree** (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- **agree** that any application made by HKSCC Nominees on your behalf is irrevocable before 30 July 2015 (excluding any day which is a Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- **agree** that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- **agree** to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- **agree** with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- **agree** that your application, any acceptance of it and the resulting contract will be governed by the laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- **instructed** and **authorised** HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- **instructed** and **authorised** HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- **instructed** and **authorised** HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 500 Hong Kong Offer Shares. Instructions for more than 500 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Tuesday, 30 June 2015 – 9:00 a.m. to 8:30 p.m.(1)
- Thursday, 2 July 2015 – 8:00 a.m. to 8:30 p.m.(1)
- Friday, 3 July 2015 – 8:00 a.m. to 8:30 p.m.(1)
- Saturday, 4 July 2015 – 8:00 a.m. to 1:00 p.m.(1)
- Monday, 6 July 2015 – 8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 30 June 2015 until 12:00 noon on Monday, 6 July 2015 (24 hours daily, except on the last day for applications).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, 6 July 2015, the last day for applications or such later time as described in the section headed "How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bank, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day for applications in making your electronic applications. The Company, the Directors, the Sole Bookrunner, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allocated any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in connecting to the CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, 6 July 2015.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**).

If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 500 Shares Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 500 Shares Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed "Structure of the Global Offering – Pricing and Allocation" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 6 July 2015. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, 6 July 2015 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Tuesday, 14 July 2015 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company's website at **www.goldenthroat.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.goldenthroat.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Tuesday, 14 July 2015;
- from the designated results of allocations website at **www.iporesults.com.hk** with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Tuesday, 14 July 2015 to 12:00 midnight on Monday, 20 July 2015;
- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Tuesday, 14 July 2015 to Friday, 17 July 2015; and

- in the special allocation results booklets which will be available for inspection during opening hours from Tuesday, 14 July 2015 to Thursday, 16 July 2015 at the designated receiving bank branches as set above.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allocated to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **White Form eIPO** service, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked before 30 July 2015 (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;

- the Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$6.28 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering – Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Tuesday, 14 July 2015.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allocated to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allocated to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number provided by you or the first-named applicant (if you are joint applicants) may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encasement of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Tuesday, 14 July 2015. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Wednesday, 15 July 2015 provided that the Global Offering has become unconditional and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 14 July 2015 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on or before Tuesday, 14 July 2015, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Tuesday, 14 July 2015, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Tuesday, 14 July 2015, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

  For Hong Kong Offering Shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allocated to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

  The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in the subsection headed "– 11. Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 14 July 2015 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the White Form eIPO Service

If you apply for 1,000,000 or more Hong Kong Offer Shares and your application is wholly or partially successful, you may collect your Share certificate(s) from Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Tuesday, 14 July 2015, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Tuesday, 14 July 2015 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Tuesday, 14 July 2015 or on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allocation of the Hong Kong Public Offering in the manner specified in the subsection headed "– 11. Publication of Results" above on Tuesday, 14 July 2015. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Tuesday, 14 July 2015 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allocated to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Tuesday, 14 July 2015. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Tuesday, 14 July 2015.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made to enable the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

30 June 2015

The Directors
Golden Throat Holdings Group Company Limited
Credit Suisse (Hong Kong) Limited

Dear Sirs,

We set out below our report on the financial information of Golden Throat Holdings Group Company Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") comprising the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2012, 2013 and 2014 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group as at 31 December 2012, 2013 and 2014, and the statement of financial position of the Company as at 31 December 2014, together with the notes thereto (the "**Financial Information**"), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the prospectus of the Company dated 30 June 2015 (the "**Prospectus**") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 2 September 2014. Pursuant to a group reorganisation (the "**Reorganisation**") as set out in note 2.1 of Section II below, which was completed on 25 December 2014, the Company became the holding company of the other subsidiaries comprising the Group. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, no statutory financial statements have been prepared for the Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted 31 December as their financial year end date. The statutory financial statements of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "**Directors**") have prepared the consolidated financial statements of the Group (the "**Underlying Financial Statements**") in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). The Underlying Financial Statements for each of the years ended 31 December 2012, 2013 and 2014 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

DIRECTORS' RESPONSIBILITY

The Directors are responsible for the preparation of the Underlying Financial Statements and the Financial Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an independent opinion on the Financial Information and to report our opinion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group as at 31 December 2012, 2013 and 2014, and of the Company as at 31 December 2014, and of the consolidated results and cash flows of the Group for each of the Relevant Periods.

I. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
REVENUE	5	587,802	548,857	606,801
Cost of sales		(210,185)	(181,994)	(176,893)
Gross profit		377,617	366,863	429,908
Other income and gains	5	14,668	15,766	18,250
Selling and distribution expenses		(200,258)	(230,110)	(213,286)
Administrative expenses		(53,470)	(47,674)	(59,101)
Other expenses		(2,083)	(6,876)	(5,395)
Finance costs	7	(7,972)	(5,726)	(13,538)
PROFIT BEFORE TAX	6	128,502	92,243	156,838
Income tax expense	10	(25,658)	(22,325)	(35,128)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		102,844	69,918	121,710
Attributable to:				
Owners of the parent		102,844	69,918	121,893
Non-controlling interests		–	–	(183)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted	13	N/A	N/A	N/A

Details of the dividends for the Relevant Periods are disclosed in note 12 to the Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2012	31 December 2013	31 December 2014
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	36,374	43,360	39,601
Advance payments for property, plant and equipment		1,640	4,508	907
Prepaid land lease payments	*15*	22,971	22,369	20,741
Prepayments, deposits and other receivables	*18*	622	510	378
Deferred tax assets	*25*	7,626	10,371	10,533
Total non-current assets		69,233	81,118	72,160
CURRENT ASSETS				
Inventories	*16*	85,790	48,319	47,853
Trade and bills receivables	*17*	296,705	300,996	261,998
Prepayments, deposits and other receivables	*18*	34,669	13,704	31,950
Due from a related party	*32(c)*	53,250	–	3,673
Available-for-sale investments	*19*	69	1,084	1,103
Pledged deposits	*20*	–	–	22,126
Cash and cash equivalents	*20*	105,702	145,505	127,163
Total current assets		576,185	509,608	495,866
CURRENT LIABILITIES				
Trade payables	*21*	32,211	19,204	19,773
Other payables and accruals	*22*	93,282	146,567	172,322
Interest-bearing bank borrowings	*23*	54,500	108,000	94,780
Due to a director	*32(c)*	–	–	188
Due to related parties	*32(c)*	–	–	7,585
Tax payable		13,176	23,640	39,219
Government grants	*24*	144	310	410
Dividend payable		13,498	121,756	137,720
Total current liabilities		206,811	419,477	471,997
NET CURRENT ASSETS		369,374	90,131	23,869
TOTAL ASSETS LESS CURRENT LIABILITIES		438,607	171,249	96,029
NON-CURRENT LIABILITIES				
Other payables and accruals	*22*	1,697	1,307	1,104
Government grants	*24*	2,579	2,929	3,494
Deferred tax liabilities	*25*	–	–	79
Total non-current liabilities		4,276	4,236	4,677
Net assets		434,331	167,013	91,352
EQUITY				
Equity attributable to owners of the parent				
Share capital	*26*	–	–	–
Reserves	*27*	434,331	167,013	91,352
Total equity		434,331	167,013	91,352

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Share capital	Capital reserves*	Statutory and other surplus reserves*	Other reserves*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 26)	*(note 27)*	*(note 27)*					
At 1 January 2012	–	39,217	77,907	(24)	253,511	370,611	635	371,246
Profit and total comprehensive income for the year	–	–	–	–	102,844	102,844	–	102,844
Transfer from retained profits	–	–	627	–	(627)	–	–	–
Liquidation of a subsidiary	–	–	–	–	–	–	(635)	(635)
Dividends declared	–	–	–	–	(39,124)	(39,124)	–	(39,124)
At 31 December 2012	–	39,217	78,534	(24)	316,604	434,331	–	434,331
At 1 January 2013	–	39,217	78,534	(24)	316,604	434,331	–	434,331
Profit and total comprehensive income for the year	–	–	–	–	69,918	69,918	–	69,918
Dividends declared	–	–	–	–	(337,236)	(337,236)	–	(337,236)
At 31 December 2013	–	39,217	78,534	(24)	49,286	167,013	–	167,013
At 1 January 2014	–	39,217	78,534	(24)	49,286	167,013	–	167,013
Profit and total comprehensive income for the year	–	–	–	–	121,893	121,893	(183)	121,710
Deemed distribution to shareholders	–	(30,265)	–	–	–	(30,265)	–	(30,265)
Acquisition of a subsidiary *(note 28)*	–	–	–	–	–	–	688	688
Disposal of a subsidiary *(note 29)*	–	–	–	–	–	–	(505)	(505)
Dividends declared	–	–	–	–	(167,289)	(167,289)	–	(167,289)
At 31 December 2014	–	8,952	78,534	(24)	3,890	91,352	–	91,352

* *These reserve accounts comprise the consolidated reserves of RMB434,331,000, RMB167,013,000 and RMB91,352,000 in the consolidated statements of financial position as at 31 December 2012, 2013 and 2014, respectively.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		128,502	92,243	156,838
Adjustments for:				
Depreciation of items of property, plant and equipment	14	8,685	8,473	8,515
Amortisation of prepaid land lease payments	15	602	602	602
Recognition of government grants	24	(120)	(144)	(335)
Loss on disposal of items of property, plant and equipment	6	–	143	764
Gain on disposal of items of property, plant and equipment	5	(235)	–	–
Gain on disposal of a subsidiary	29	–	–	(546)
Gain on disposal of prepaid land lease payments	5	–	–	(218)
Gain on bargain purchase of a subsidiary	28	–	–	(3,442)
Investment income from available-for-sale investments	5	–	(2,411)	(792)
Gain on transfer of funding right of Golden Throat Football School	5	–	–	(473)
Bank interest income	5	(1,170)	(866)	(730)
Finance costs	7	7,972	5,726	13,538
Government grants for lower interest loans		(5)	(372)	(1,020)
Write-down of inventories to net realisable value	6	1,009	1,132	28
Impairment of items of property, plant and equipment	14	–	–	1,672
Impairment of prepaid land lease payments	15	–	–	739
Impairment of intangible assets	6	–	–	164
Impairment of other receivables	18	2	84	–
Impairment of trade receivables	17	277	4,353	148
		145,519	108,963	175,452
Decrease/(increase) in trade and bills receivables		119,991	(8,644)	39,517
Decrease/(increase) in prepayments, deposits and other receivables		(13,455)	22,493	(18,859)
Decrease/(increase) in inventories		(19,071)	36,339	(2,113)
Increase/(decrease) in trade payables		3,176	(13,007)	(1,925)
Increase/(decrease) in other payables and accruals		(34,319)	53,810	12,602
Cash generated from operations		201,841	199,954	204,674
Interest received		1,170	866	730
Interest paid		(7,967)	(5,354)	(12,516)
Income tax paid		(16,605)	(14,606)	(19,632)
Net cash flows from operating activities		178,439	180,860	173,256
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment and construction in progress		(4,796)	(19,374)	(4,048)
Purchases of available-for-sale investments		(69)	(522,015)	(253,000)
Proceeds from disposal of of available-for-sale investments		–	523,411	253,773
Proceeds from disposal of items of property, plant and equipment		298	–	83
Value added tax paid for disposal of items of property, plant and equipment		–	(11)	–
Liquidation of a subsidiary		(635)	–	–
Deposits for acquisition of a subsidiary		–	(1,500)	–
Acquisition of a subsidiary	28	–	–	(8,951)
Disposal of a subsidiary	29	–	–	(261)
Advances of loans to a related party		(53,250)	–	–
Repayment of loans from a related party		–	53,250	–
Repayment of loans to a third party		–	–	(16,950)
Receipt of repayment of loans to a third party from related parties		–	–	16,950
Receipt of government grants		2,000	660	1,000
Increase in prepayments, deposits and other receivables		–	–	(1,296)
Net cash flows from/(used in) investing activities		(56,452)	34,421	(12,700)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of bank loans		(161,500)	(84,500)	(369,277)
New bank loans		104,500	138,000	356,057
Increase in an amount due to a director		–	–	188
Increase in amounts due to related parties		–	–	7,585
Increase in pledged time deposits		–	–	(22,126)
Dividends paid to shareholders		(63,578)	(228,978)	(151,325)
Net cash flows used in financing activities		(120,578)	(175,478)	(178,898)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,409	39,803	(18,342)
Cash and cash equivalents at beginning of year	20	104,293	105,702	145,505
CASH AND CASH EQUIVALENTS AT END OF YEAR	20	105,702	145,505	127,163
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	20	105,702	145,505	127,163

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	31 December 2014 RMB'000
NON-CURRENT ASSET		
Investment in a subsidiary		–
CURRENT ASSET		
Cash and cash equivalents	20	–
Net asset		–
EQUITY		
Share capital	26	–
Reserves		–
Total equity		–

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 2 September 2014. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries were principally involved in the manufacture and sale of pharmaceutical, healthcare food and other products.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed "Reorganisation" in the section headed "History and Development" in the Prospectus.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary shares/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Golden Throat Industrial Holdings Limited ("**Golden Throat Industrial**") 金嗓子實業集團有限公司 *(note (a),(e))*	Hong Kong 23 April 2012	HKD1	100%	–	Investment holding
Guangxi Golden Throat Investment Consulting Co., Ltd. 廣西金嗓子投資諮詢有限公司 *(note (c), (d))*	People's Republic of China (the "**PRC**")/ Mainland China 27 November 2014	RMB100,000	–	100%	Investment holding
Guangxi Golden Throat Co., Ltd. ("**Golden Throat Company**") 廣西金嗓子有限責任公司 *(note (b), (d))*	PRC/ Mainland China 18 September 1998	RMB30,265,000	–	100%	Manufacture and sale of pharmaceutical and healthcare food products
Guangxi Golden Throat Health Food Co., Ltd. 廣西金嗓子保健品有限公司 *(note (b), (d))*	PRC/ Mainland China 26 September 2001	RMB3,200,000	–	100%	Manufacture and sale of pharmaceutical and healthcare food products
Guangxi Golden Throat Medical Co., Ltd. 廣西金嗓子醫藥有限公司 *(note (b), (d))*	PRC/ Mainland China 11 November 2004	RMB5,000,000	–	100%	Trading of pharmaceutical and healthcare food products
Guangxi Golden Throat Pharmaceutical Corporation ("**Golden Throat Pharmaceutical**") 廣西金嗓子藥業股份有限公司 *(note (b), (d))*	PRC/ Mainland China 21 December 2006	RMB30,000,000	–	100%	Manufacture and sale of pharmaceutical and healthcare food products

Notes:

(a) *The statutory financial statements of this entity for the years ended 31 December 2013 and 2014 prepared under HKFRSs were audited by Pang Chan & Co. (彭陳會計師事務所), certified public accountants registered in Hong Kong.*

(b) *The statutory financial statements of these entities for the years ended 31 December 2012, 2013 and 2014 prepared under PRC Generally Accepted Accounting Principles ("**PRC GAAP**") were audited by Guangxi Tianhua Certified Public Accountants LLP (廣西天華會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.*

(c) *No audited financial statements have been prepared for this entity as this entity was established in 2014.*

(d) *The English names of these companies registered in the PRC represent the best effort made by management of the Company to directly translate their Chinese names as they did not register any official English names.*

(e) *On 16 December 2014, the Company acquired the only Share of Golden Throat Industrial for a cash consideration of HKD1.*

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed "Reorganisation" in the section headed "History and Development" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 25 December 2014. As the Reorganisation only involved inserting new holding entities at the top of an existing company and has not resulted in any change of economic substances, the Financial Information for the Relevant Periods has been presented as a continuation of the existing company using the pooling of interests method.

Accordingly, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows are prepared as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position as at 31 December 2012, 2013 and 2014 present the assets and liabilities of the companies now comprising the Group, as if the current group structure had been in existence at those dates.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2014, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods.

The Financial Information has been prepared under the historical cost convention, except for available-for-sale investments, which have been measured at fair value. The Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Financial Information.

HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 *Effective for annual periods beginning on or after 1 July 2014*

2 *Effective for annual periods beginning on or after 1 January 2016*

3 *Effective for annual periods beginning on or after 1 January 2017*

4 *Effective for annual periods beginning on or after 1 January 2018*

5 *Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group*

The Directors anticipate that the application of the new and revised HKFRSs will have no material impact on the Financial Information except for the application of HKFRS 15. Further information about HKFRS 15 is as follows:

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its available-for-sale investments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and a disposal group classified as held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	4.75%
Machinery and equipment	9.50%
Computer and office equipment	19.00%
Motor vehicles	23.75%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings, machinery and equipment, computer and office equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost is the direct costs of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Research and development costs

All research costs are charged to profit or loss as incurred.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment, or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred assets is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making the judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and interest-bearing bank borrowings.

Subsequent measurement of loans and borrowings

The subsequent measurement of loans and borrowings is as follows:

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired and form an integral part of the Group's cash management.

For the purpose of the statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

The interest reduction based on the rate lower than the market interest rate for the bank borrowings in accordance with the Notice for the Preferential Interest Rates for National Trade and Manufacturing of National Special Products issued by the People's Bank of China and State Ethnic Affairs Commission of People's Republic of China is recognised as income when received.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) rental income, on a time proportion basis over the lease terms; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 20% of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

This Financial Information is presented in RMB, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

There is no significant effect on the amounts recognised in the Financial Information arising from the judgements, apart from those involving estimations, made by management in the process of applying the Group's accounting policies.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the Relevant Periods. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying values of deferred tax assets relating to recognised deductible temporary differences were RMB7,626,000, RMB10,371,000 and RMB10,533,000 as at 31 December 2012, 2013 and 2014, respectively. Further details are contained in note 25 to the Financial Information.

Income tax

The Group is subject to income taxes in various regions. As a result, certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimates and judgements based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income tax. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions over the period in which the differences are realised. Further details are disclosed in note 10 to the Financial Information.

Impairment of trade and other receivables

Impairment of trade and other receivables is made based on an assessment of the recoverability of trade and other receivables. The identification of impairment requires management's judgements and estimates. Where the actual outcome is different from the original estimate, such differences will impact on the carrying values of the trade and other receivables and impairment loss over the period in which such estimate has been changed. The provision for impairment of trade and other receivables amounted to RMB9,775,000, RMB14,212,000 and RMB14,360,000 as at 31 December 2012, 2013 and 2014, respectively.

Useful lives and residual values of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset and the legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way.

Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resources allocation and performance assessment.

Geographical information

During the Relevant Periods, all of the Group's revenue is generated from customers located in Mainland China. All of the non-current assets of the Group were located in Mainland China.

Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's total revenue for the years ended 31 December 2013 and 2014.

For the year ended 31 December 2012, revenue of approximately RMB59,784,000 which accounted for 10.17% of the Group's total revenue was derived from sales to a single customer.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and net of value added tax and government surcharges during the Relevant Periods.

An analysis of revenue, other income and gains is as follows:

	Notes	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
Revenue				
Sale of goods		587,802	548,857	606,801
Other income				
Government grants		12,646	11,797	11,334
Bank interest income		1,170	866	730
Investment income from available-for-sale investments		–	2,411	792
Rental income		66	88	100
Others		551	604	615
		14,433	15,766	13,571
Gains				
Gain on transfer of funding right of Golden Throat Football School		–	–	473
Gain on disposal of a subsidiary	*29*	–	–	546
Gain on disposal of prepaid land lease payments		–	–	218
Gain on bargain purchase of a subsidiary	*28*	–	–	3,442
Gain on disposal of items of property, plant and equipment		235	–	–
		14,668	15,766	18,250

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	31 December 2012	31 December 2013	31 December 2014
		RMB'000	RMB'000	RMB'000
Cost of inventories sold		210,185	181,994	176,893
Depreciation of items of property, plant and equipment	*14*	8,685	8,473	8,515
Amortisation of land lease payments	*15*	602	602	602
Research and development costs		4,607	2,917	2,777
Minimum lease payments under operating leases of buildings		391	387	356
Auditors' remuneration		255	332	2,808
Government grants	*5*	(12,646)	(11,797)	(11,334)
Bank interest income	*5*	(1,170)	(866)	(730)
Investment income from available-for-sale investments	*5*	–	(2,411)	(792)
Rental income	*5*	(66)	(88)	(100)
Gain on disposal of items of property, plant and equipment	*5*	(235)	–	–
Gain on transfer of funding right of Golden Throat Football School	*5*	–	–	(473)
Gain on disposal of a subsidiary	*29*	–	–	(546)
Gain on disposal of prepaid land lease payments		–	–	(218)
Gain on bargain purchase of a subsidiary	*28*	–	–	(3,442)
Employee benefit expense (excluding directors' remuneration *(note 8)*):				
Wages and salaries		61,586	59,066	55,628
Pension		6,913	9,007	8,661
Staff welfare expenses		11,568	14,055	15,726
		80,067	82,128	80,015
Loss on disposal of items of property, plant and equipment		–	143	764
Donation		1,678	2,146	1,615
Impairment of property, plant and equipment	*14*	–	–	1,672
Impairment of prepaid land lease payments	*15*	–	–	739
Impairment of intangible assets		–	–	164
Impairment of other receivables	*18*	2	84	–
Impairment of trade receivables	*17*	277	4,353	148
Write-down of inventories to net realisable value		1,009	1,132	28

7. FINANCE COSTS

	31 December 2012	31 December 2013	31 December 2014
	RMB'000	RMB'000	RMB'000
Interest on bank loans wholly repayable within five years	7,972	5,726	11,016
Interest on discounted bills receivable	–	–	2,522
	7,972	5,726	13,538

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The Company was incorporated in the Cayman Islands on 2 September 2014. Zeng Yong, Huang Jianping, Zeng Kexiong, Lu Xinghong and He Jinqiang were appointed as executive directors of the Company on 10 February 2015. Jiang Peizhen, was appointed as non-executive director and chief executive officer of the Company on 10 February 2015. Li Hua, Zhu Jierong and Cheng Yiqun were appointed as independent non-executive directors of the Company on 10 February 2015.

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

	31 December 2012	31 December 2013	31 December 2014
	RMB'000	RMB'000	RMB'000
Other emoluments:			
Salaries, allowances and benefits in kind	3,329	3,359	3,393
Performance related bonuses	3,855	3,656	3,863
Pension scheme contributions	270	288	324
	7,454	7,303	7,580

(a) Independent non-executive director

No independent non-executive director was appointed and there were no fees and other emoluments payable to the independent non-executive director during the Relevant Periods.

(b) Executive directors and the chief executive

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2012				
Executive directors:				
Jiang Peizhen	1,451	2,225	45	3,721
Zeng Yong	357	510	45	912
Zeng Kexiong	380	280	45	705
Lu Xinghong	382	280	45	707
Huang Jianping	380	280	45	705
He Jinqiang	379	280	45	704
	3,329	3,855	270	7,454
Year ended 31 December 2013				
Executive directors:				
Jiang Peizhen	1,451	2,116	48	3,615
Zeng Yong	379	500	48	927
Zeng Kexiong	382	260	48	690
Lu Xinghong	384	260	48	692
Huang Jianping	382	260	48	690
He Jinqiang	381	260	48	689
	3,359	3,656	288	7,303

	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2014				
Executive directors:				
Jiang Peizhen	1,456	2,165	54	3,675
Zeng Yong	384	531	54	969
Zeng Kexiong	388	291	54	733
Lu Xinghong	390	293	54	737
Huang Jianping	388	291	54	733
He Jinqiang	387	292	54	733
	3,393	3,863	324	7,580

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group for the years ended 31 December 2012, 2013 and 2014 included five, five and five directors, respectively, details of whose remuneration are set out in note 8 above.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly is not subject to income tax. The Group's subsidiary incorporated in Hong Kong is not liable for profit tax as it did not have any assessable profits arising in Hong Kong during the Relevant Periods.

The provision for Mainland China income tax has been provided at the applicable income tax rate of 25% on the assessable profits of certain PRC subsidiaries of the Group in accordance with the PRC Corporate Income Tax Law. Golden Throat Company and Golden Throat Pharmaceutical are qualified as companies under the development strategy of China western region and are subject to a preferential income tax rate of 15% for the Relevant Periods.

The income tax expense of the Group for the years ended 31 December 2012, 2013 and 2014 is analysed as follows:

	31 December 2012	31 December 2013	31 December 2014
	RMB'000	RMB'000	RMB'000
Current tax:			
Charge for the year	24,345	25,070	35,211
Deferred tax *(note 25)*	1,313	(2,745)	(83)
Total tax charge for the year	25,658	22,325	35,128

A reconciliation of the tax expense applicable to profit before tax using the statutory rate in Mainland China to the tax expense at the effective tax rate is as follows:

	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
Profit before tax	128,502	92,243	156,838
At the PRC's statutory income tax rate of 25%	32,125	23,060	39,210
Preferential income tax rates applicable to certain subsidiaries	(11,520)	(8,764)	(14,081)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	–	–	79
Expenses not deductible for tax	5,790	8,925	10,666
Income not subject to tax	–	–	(997)
Additional deductible allowance for the payroll of disabled employees	(744)	(896)	(796)
Tax losses not recognised	7	–	1,047
Tax charge at the Group's effective rate	25,658	22,325	35,128

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the years ended 31 December 2012, 2013 and 2014 was generated by the subsidiaries now comprising the Group.

12. DIVIDENDS

	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
Dividends	39,124	337,236	167,289

The dividends during the Relevant Periods represented dividends declared by Golden Throat Company and were approved by the shareholders of Golden Throat Company on 9 August 2012, 10 March 2013, 16 September 2013, 6 November 2013, 21 January 2014, 2 October 2014 and 8 December 2014. No dividend has been declared by the Company since the date of its incorporation.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this Financial Information, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group on a consolidated basis disclosed in note 2.1 above.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and equipment	Computer and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012:						
Cost	51,847	64,135	2,820	3,859	878	123,539
Accumulated depreciation	(38,099)	(43,854)	(1,622)	(301)	–	(83,876)
Net carrying amount	13,748	20,281	1,198	3,558	878	39,663
At 1 January 2012, net of accumulated depreciation	13,748	20,281	1,198	3,558	878	39,663
Additions	876	384	41	54	4,104	5,459
Disposals	–	(17)	(36)	(10)	–	(63)
Depreciation provided during the year	(2,659)	(4,518)	(568)	(940)	–	(8,685)
Transfers	265	2,001	1,426	–	(3,692)	–
At 31 December 2012, net of accumulated depreciation	12,230	18,131	2,061	2,662	1,290	36,374
At 31 December 2012:						
Cost	52,988	66,170	3,574	3,720	1,290	127,742
Accumulated depreciation	(40,758)	(48,039)	(1,513)	(1,058)	–	(91,368)
Net carrying amount	12,230	18,131	2,061	2,662	1,290	36,374
At 1 January 2013, net of accumulated depreciation	12,230	18,131	2,061	2,662	1,290	36,374
Additions	1,097	1,996	–	1,734	10,764	15,591
Disposals	–	(67)	(41)	(24)	–	(132)
Depreciation provided during the year	(2,465)	(4,626)	(545)	(837)	–	(8,473)
Transfers	375	11,069	51	–	(11,495)	–
At 31 December 2013, net of accumulated depreciation	11,237	26,503	1,526	3,535	559	43,360
At 31 December 2013:						
Cost	54,460	77,912	2,850	5,132	559	140,913
Accumulated depreciation	(43,223)	(51,409)	(1,324)	(1,597)	–	(97,553)
Net carrying amount	11,237	26,503	1,526	3,535	559	43,360

	Buildings	Machinery and equipment	Computer and office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014, net of accumulated depreciation	11,237	26,503	1,526	3,535	559	43,360
Acquisition of a subsidiary *(note 28)*	26,948	8,281	92	161	80	35,562
Additions	–	1,077	13	–	5,000	6,090
Impairment	(1,275)	(393)	–	–	(4)	(1,672)
Disposal of a subsidiary *(note 29)*	(25,673)	(8,375)	(105)	(8)	(136)	(34,297)
Disposals	(528)	(247)	–	(152)	–	(927)
Depreciation provided during the year	(2,130)	(4,691)	(485)	(1,209)	–	(8,515)
Transfers	–	2,364	72	–	(2,436)	–
At 31 December 2014, net of accumulated depreciation	8,579	24,519	1,113	2,327	3,063	39,601
At 31 December 2014:						
Cost	53,799	79,681	2,909	5,133	3,063	144,585
Accumulated depreciation	(45,220)	(55,162)	(1,796)	(2,806)	–	(104,984)
Net carrying amount	8,579	24,519	1,113	2,327	3,063	39,601

The Group has not obtained building ownership certificates for certain buildings with aggregate net book values of RMB2,035,000, RMB1,867,000 and RMB1,000,000 as at 31 December 2012, 2013 and 2014, respectively. The Group is not able to assign, transfer or mortgage these assets until the certificates are obtained.

Certain of the Group's buildings with aggregate net carrying values of RMB519,000, RMB2,005,000 and RMB1,861,000 were pledged to secure bank loan facilities granted to the Group as at 31 December 2012, 2013 and 2014, respectively (note 23).

On 26 September 2014, the board of directors resolved to dispose of its 95.61% interest in Guangxi Weikete Biological Technology Co., Ltd. ("**Weikete**") at a cash consideration of RMB11,535,000. Impairment loss in respect of Weikete's property, plant and equipment and prepaid land lease payments of RMB1,672,000 and RMB739,000 (note 15), respectively, was recorded which was based on the fair value less cost of disposal of Weikete.

15. PREPAID LAND LEASE PAYMENTS

	31 December 2012	31 December 2013	31 December 2014
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year	24,175	23,573	22,971
Acquisition of a subsidiary *(note 28)*	–	–	15,756
Recognised during the year *(note 6)*	(602)	(602)	(602)
Impairment *(note 6)*	–	–	(739)
Disposal	–	–	(1,052)
Disposal of a subsidiary *(note 29)*	–	–	(15,017)
Carrying amount at end of year	23,573	22,971	21,317
Current portion included in prepayments, deposits and other receivables *(note 18)*	(602)	(602)	(576)
Non-current portion	22,971	22,369	20,741

Certain of the Group's leasehold lands with aggregate net carrying values of nil, RMB18,139,000 and RMB17,659,000 were pledged to secure bank loan facilities granted to the Group as at 31 December 2012, 2013 and 2014, respectively *(note 23).*

The leasehold lands are situated in Mainland China and are held under a long-term lease.

16. INVENTORIES

	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
Raw materials	29,155	22,759	16,758
Work in progress	3,581	2,755	3,000
Finished goods	54,407	25,290	30,174
	87,143	50,804	49,932
Write-down of inventories to net realisable value	(1,353)	(2,485)	(2,079)
	85,790	48,319	47,853

17. TRADE AND BILLS RECEIVABLES

	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
Trade receivables	74,355	79,466	50,374
Bills receivable	231,123	234,656	224,898
	305,478	314,122	275,272
Impairment	(8,773)	(13,126)	(13,274)
	296,705	300,996	261,998

The Group's trading terms with its customers are mainly on credit. The credit period is generally three months, extending up to six months for major customers. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of provisions, is as follows:

	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
Less than 3 months	44,441	57,756	32,961
3 to 6 months	6,694	986	2,544
6 to 12 months	6,300	1,582	994
1 to 2 years	5,609	4,812	371
Over 2 years	2,538	1,204	230
	65,582	66,340	37,100

The movements in the provision for impairment of trade receivables are as follows:

	31 December 2012	31 December 2013	31 December 2014
	RMB'000	RMB'000	RMB'000
At the beginning of year	8,496	8,773	13,126
Impairment losses recognised *(note 6)*	277	4,353	148
At the end of year	8,773	13,126	13,274

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables as at 31 December 2012, 2013 and 2014 of RMB8,773,000, RMB13,126,000 and RMB13,274,000, respectively, with a carrying amount before provision of RMB8,773,000, RMB13,126,000 and RMB13,274,000 as at 31 December 2012, 2013 and 2014, respectively.

The individually impaired trade receivables relate to customers that were in financial difficulties or ceased trading with the Group and none of the receivables is expected to be recovered.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	31 December 2012	31 December 2013	31 December 2014
	RMB'000	RMB'000	RMB'000
Neither past due nor impaired	44,441	57,756	32,961
Past due but not impaired:			
Less than 3 months past due	6,694	986	2,544
Over 3 months past due	14,447	7,598	1,595
	65,582	66,340	37,100

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Group are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

As at the end of each of the Relevant Periods, the Group endorsed certain bills receivable accepted by certain banks in the PRC (the "**Endorsed Notes**") to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**"). In addition, the Group discounted certain bills receivable accepted by certain banks in the PRC (the "**Discounted Notes**") as at 31 December 2014 (the "**Discount**"). Subsequent to the Endorsement and the Discount, the Group does not retain any rights on the use of the Endorsed Notes and Discounted Notes, including the sale, transfer or pledge of the Endorsed Notes and Discounted Notes to any other third parties. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Notes and Discounted Notes have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**"). The total carrying amounts of the Endorsed Notes were RMB36,537,000, RMB23,046,000 and RMB33,677,000 as at 31 December 2012, 2013 and 2014, respectively, and the total carrying amounts of the Discounted Notes was RMB102,975,000 as at 31 December 2014.

In the opinion of the Directors, the Group has transferred substantially all the risks and rewards relating to certain Endorsed Notes accepted by large and reputable banks with an amount of RMB11,919,000, RMB9,019,000 and RMB13,123,000, and Discounted Notes accepted by large and reputable banks with an amount of nil, nil and RMB78,195,000 ("**Derecognised Notes**") as at 31 December 2012, 2013 and 2014, respectively. Accordingly, it has derecognised the full carrying amounts of these Derecognised Notes and the associated trade payables settled by the Endorsed Notes.

The maximum exposure to loss from the Group's Continuing Involvement in these Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in these Derecognised Notes are not significant.

The Group continued to recognise the full carrying amount of the remaining Endorsed Notes and the associated trade payables settled with an amount of RMB24,618,000, RMB14,027,000 and RMB20,554,000 as at 31 December 2012, 2013 and 2014, respectively and the proceeds received from the discount of the remaining Discounted Notes with an amount of RMB24,780,000 as short-term loans as at 31 December 2014 because the Directors believe that the Group has retained the substantial risks and rewards, which include default risks relating to such remaining Endorsed Notes and Discounted Notes.

During the Relevant Periods, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Notes. No gains or losses were recognised from the Continuing Involvement, both during the year of each of the Relevant Periods or cumulatively. The Endorsement has been made evenly throughout the Relevant Periods and the Discount has been made evenly during the year ended 31 December 2014.

Bills receivable are due within six months. Bills receivable of approximately nil, nil and RMB24,880,000 were pledged to secure bank loan facilities granted to the Group as at 31 December 2012, 2013 and 2014, respectively *(note 23)*.

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
Other receivables	6,120	7,163	6,282
Deferred listing expenses	–	–	3,104
Prepayments for material costs	20,686	3,073	835
Prepaid land lease payments *(note 15)*	602	602	576
Prepaid expenses	8,885	4,462	22,617
	36,293	15,300	33,414
Impairment	(1,002)	(1,086)	(1,086)
	35,291	14,214	32,328
Less: Other receivables, non-current portion	(622)	(510)	(378)
	34,669	13,704	31,950

Other receivables are unsecured and non-interest-bearing and have no fixed terms of repayment except for the non-current portion, which are unsecured, non-interest-bearing and repayable before the year of 2025.

The movements in provision for impairment of other receivables are as follows:

	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
At beginning of year	1,000	1,002	1,086
Impairment losses recognised *(note 6)*	2	84	–
At end of year	1,002	1,086	1,086

19. AVAILABLE-FOR-SALE INVESTMENTS

	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
Listed equity investments in Hong Kong, at fair value	69	84	103
Unlisted investments, at fair value	–	1,000	1,000
	69	1,084	1,103

Listed equity investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

Unlisted investments represent investments in certain asset management contracts issued by a licensed financial institution in the PRC. The investments as at 31 December 2013 bear an expected yield rate of 7% per annum upon maturity in June 2014. The investments as at 31 December 2014 bear an uncertain yield rate per annum upon maturity in April 2015.

20. CASH AND CASH EQUIVALENTS

Group

	Note	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
Cash and bank balances		105,702	145,505	127,163
Time deposits		–	–	22,126
		105,702	145,505	149,289
Less: Pledged deposits:				
Pledged for short term bank loans	*23*	–	–	(22,126)
Cash and cash equivalents		105,702	145,505	127,163

The cash and bank balances of the Group denominated in RMB amounted to RMB105,691,000, RMB145,492,000 and RMB127,018,000 as at 31 December 2012, 2013 and 2014, respectively. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Company

The Company was incorporated on 2 September 2014. The cash and bank balances of the Company amounted to US$3 (equivalent to RMB18) as at 31 December 2014.

21. TRADE PAYABLES

	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
Trade payables	32,211	19,204	19,773

An aged analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
Less than 3 months	23,834	17,504	17,156
3 to 6 months	4,034	80	1,305
6 to 12 months	3,644	329	463
1 to 2 years	205	719	602
Over 2 years	494	572	247
	32,211	19,204	19,773

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

22. OTHER PAYABLES AND ACCRUALS

	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
Other payables	32,485	24,620	26,934
Accrued liabilities	20,217	53,055	57,767
Accrued employee benefits	5,760	5,519	13,288
Advances from customers	29,073	17,743	35,385
Taxes payable other than corporate income tax	7,444	46,937	40,052
	94,979	147,874	173,426
Less: Accrued employee benefits, non-current portion	(1,697)	(1,307)	(1,104)
	93,282	146,567	172,322

Other payables are non-interest-bearing and have an average payment term of three months.

23. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate (%)	Maturity	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
Current					
Bank loans – secured	4.8 – 6.56	Within 1 year	46,000	108,000	84,780
Bank loans – unsecured	6.0 – 6.56	Within 1 year	8,500	–	10,000
			54,500	108,000	94,780
Analysed into:					
Bank loans repayable:					
Within one year or on demand			54,500	108,000	94,780

Notes:

Certain of the Group's bank loans are secured by:

(i) certain of the Group's leasehold lands which had aggregate net carrying values of nil, RMB18,139,000 and RMB17,659,000 as at 31 December 2012, 2013 and 2014, respectively (note 15);

(ii) certain of the Group's property, plant and equipment which had aggregate net carrying values of RMB519,000, RMB2,005,000 and RMB1,861,000 as at 31 December 2012, 2013 and 2014, respectively (note 14);

*(iii) certain buildings of the Group's related party, Golden Throat Travelling Co., Ltd. ("**Golden Throat Travelling**"), which had aggregate net carrying values of nil, RMB47,929,000 and nil, as at 31 December 2012, 2013 and 2014, respectively (note 32(b));*

(iv) the pledge of the Group's bills receivable of nil, nil and RMB24,880,000 as at 31 December 2012, 2013 and 2014, respectively (note 17); and

(v) the pledge of the Group's time deposits of nil, nil and RMB22,126,000 as at 31 December 2012, 2013 and 2014, respectively (note 20).

Golden Throat Travelling has guaranteed certain of the Group's bank loans up to RMB20,000,000, RMB68,000,000 and nil as at 31 December 2012, 2013 and 2014, respectively *(note 32(b))*.

A director of the Company, Jiang Peizhen, has guaranteed certain of the Group's bank loans up to nil, RMB28,000,000 and nil as at 31 December 2012, 2013 and 2014, respectively *(note 32(b))*.

24. GOVERNMENT GRANTS

	31 December 2012	31 December 2013	31 December 2014
	RMB'000	RMB'000	RMB'000
At the beginning of year	843	2,723	3,239
Addition during the year	2,000	660	1,000
Recognised as income during the year	(120)	(144)	(335)
At end of year	2,723	3,239	3,904
Current	144	310	410
Non-current	2,579	2,929	3,494
	2,723	3,239	3,904

The Group received government funding for several government-sponsored projects focusing on the development of manufacturing facilities of the Group. Upon completion of the related projects, the grants related to assets were released to profit or loss over the expected useful lives of the relevant assets.

25. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

	Deferred tax assets								Deferred tax liabilities			
	Advertising expenses	Impairment of other receivables	Impairment of inventories	Accrued expenses	Accrued employee benefits	Unrealised profit attributable to the intra-group transactions	Government grants	Deferred tax assets total	Withholding taxes	Fair value adjustment on acquisition of a subsidiary	Deferred tax liabilities total	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012	4	150	173	7,579	641	266	126	8,939	–	–	–	8,939
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	1,848	–	32	(4,623)	(70)	1,217	283	(1,313)	–	–	–	(1,313)
At 31 December 2012 and 1 January 2013	1,852	150	205	2,956	571	1,483	409	7,626	–	–	–	7,626
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	(1,784)	13	172	5,046	91	(870)	77	2,745	–	–	–	2,745
At 31 December 2013 and 1 January 2014	68	163	377	8,002	662	613	486	10,371	–	–	–	10,371
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	19	–	(59)	(1,203)	1,345	(40)	100	162	(79)	–	(79)	83
Acquisition of a subsidiary *(note 28)*	–	–	–	–	–	–	–	–	–	(2,704)	(2,704)	(2,704)
Disposal of a subsidiary *(note 29)*	–	–	–	–	–	–	–	–	–	2,704	2,704	2,704
At 31 December 2014	87	163	318	6,799	2,007	573	586	10,533	(79)	–	(79)	10,454

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

Deferred tax of RMB79,000 has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China as at 31 December 2014. No deferred tax has been recognised for withholding taxes as at 31 December 2012 and 2013 as the earnings have been distributed to the then shareholders before the completion of the Reorganisation.

The Group has tax losses arising in Hong Kong of nil, nil and RMB26,000 that are available indefinitely for offsetting against future taxable profits as at 31 December 2012, 2013 and 2014, respectively.

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised and the Group disposed of Weikete on 29 December 2014 (note 29).

26. SHARE CAPITAL

The Company was incorporated on 2 September 2014 with authorised share capital of US$50,000 (equivalent to RMB308,000) divided into 50,000 shares of US$1.00 each. As at 31 December 2014, the issued share capital of the Company is US$3 (equivalent to RMB18) with 3 shares of US$1.00 each.

27. RESERVES

The amounts of the Group's reserves and the movements therein for each of the Relevant Periods are presented in the consolidated statements of changes in equity of the Financial Information.

Statutory and other surplus reserves

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

Other surplus reserve was appropriated from net profit in accordance with a prescribed percentage approved in a general meeting of the shareholders. Other surplus reserve may be used to offset accumulated losses or increase capital. Where an enterprise satisfies the stipulated conditions, other surplus reserve can also be used to distribute cash dividends.

Capital reserves

Capital reserves represent the aggregated amount of the paid-up capital of those companies comprising the Group prior to the incorporation of the Company. Details of the movement in capital reserves for the year ended 31 December 2014 are set out in the consolidated statements of changes in equity.

28. BUSINESS COMBINATION

Acquisition in 2014

Acquisition of Weikete

On 26 March 2014, Golden Throat Company entered into an equity transfer agreement with Guangxi Investment Group Co., Ltd., an independent third party, to acquire a 95.61% equity interest in Weikete at a total cash consideration of RMB11,535,300. The acquisition was completed and settled in full on 29 May 2014. Weikete is principally engaged in the manufacture and sale of series of isomalt products in Mainland China. Upon the acquisition, Weikete became a subsidiary of the Group.

The fair values of the identifiable assets and liabilities of Weikete at the date of acquisition were as follows:

	Fair value recognised on acquisition
	RMB'000
Property, plant and equipment *(note 14)*	35,562
Intangible assets	3,549
Prepaid land lease payments *(note 15)*	15,756
Inventories	5,126
Trade and bills receivables	2,169
Prepayments, deposits and other receivables	653
Cash and cash equivalents	1,084
Trade payables	(3,743)
Other payables and accruals	(41,787)
Deferred tax liabilities *(note 25)*	(2,704)
Total identifiable net assets at fair value	15,665
Non-controlling interests	(688)
Gain on bargain purchase recognised in other income and gains in profit or loss *(note 5)*	(3,442)
Satisfied by cash	11,535

The gain on bargain purchase represents the excess of the fair values of the identifiable net assets acquired above the consideration transferred. The acquisition was made as part of the Group's strategy to expand its market share by using isomalt, one of the upgraded ingredients for the formula. As Weikete was in a loss position, the acquisition resulted in a gain on bargain purchase, which has been recorded in other income and gains in profit or loss during the year ended 31 December 2014.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB2,169,000 and RMB125,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB2,169,000 and RMB125,000, respectively.

The Group incurred transaction costs of RMB100,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in profit or loss.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(11,535)
Deposit paid on 26 December 2013	1,500
Cash and cash equivalents acquired	1,084
Net outflow of cash and cash equivalents included in cash flows from investing activities	(8,951)

Since the acquisition, Weikete contributed RMB8,653,000 to the Group's revenue and contributed a net loss of RMB4,171,000 to the consolidated profit for the year ended 31 December 2014. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised and the Group disposed of Weikete on 29 December 2014 *(note 29)*.

Had the acquisition taken place at the beginning of the year, the revenue of the Group for the year ended 31 December 2014 would have been RMB615,367,000 and the profit of the Group for the year ended 31 December 2014 would have been the sum of the profit of the Group of RMB121,710,000 for the year ended 31 December 2014 and the profit of Weikete from 1 January 2014 to 28 May 2014, which is RMB49,921,000, totaling to RMB171,631,000. The profit of Weikete of RMB49,921,000 from 1 January to 28 May 2014 included RMB53,760,000 of gains from waiver of the debts by Guangxi Investment Group Co., Ltd., the then controlling shareholder.

29. DISPOSAL OF A SUBSIDIARY

On 26 September 2014, the Group announced the decision of the board of directors to dispose of its 95.61% interest in Weikete. On 16 December 2014, Golden Throat Company entered into an equity transfer agreement with Liuzhou Jinqing Equity Investment Centre (LLP) ("**Jinqing Investment**") and Liuzhou Jingui Equity Investment Centre (LLP) ("**Jingui Investment**"), both are controlled by Jiang Peizhen, whereby Golden Throat Company agreed to transfer its 61.19% interest in Weikete to Jinqing Investment at a consideration of RMB7,382,592 and transfer its 34.42% interest in Weikete to Jingui Investment at a consideration of RMB4,152,708. The transaction was completed on 29 December 2014.

Net assets disposed of:	**RMB'000**
Property, plant and equipment *(note 14)*	34,297
Intangible assets	3,383
Prepaid land lease payments *(note 15)*	15,017
Inventories	7,675
Trade and bills receivables	1,502
Prepayments, deposits and other receivables	1,171
Cash and cash equivalents	11,796
Trade payables	(1,249)
Other payables and accruals	(27,279)
Amount due to the Group eliminated in the consolidated statements of financial position	(3,673)
Due to a director	(28,442)
Deferred tax liabilities *(note 25)*	(2,704)
	11,494
Non-controlling interests	(505)
Gain on disposal of a subsidiary *(note 5)*	546
	11,535
Satisfied by:	
Cash	11,535

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	RMB'000
Cash consideration	11,535
Cash and bank balances disposed of	(11,796)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(261)

30. OPERATING LEASE COMMITMENTS

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years. As at the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December 2012	**31 December 2013**	**31 December 2014**
	RMB'000	**RMB'000**	**RMB'000**
Within one year	395	317	401
In the second to fifth years, inclusive	209	–	334
	604	317	735

31. COMMITMENTS

In addition to the operating lease commitments detailed in note 30 above, the Group had the following capital commitments at the end of each of the Relevant Periods:

	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
Authorised, but not contracted for:			
Land and buildings	158,426	158,426	273,526
Plant and machinery	51,529	51,529	62,419
	209,955	209,955	335,945

32. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the Financial Information, the Group had the following transactions with related parties during the Relevant Periods.

	Notes	31 December 2012 RMB'000	31 December 2013 RMB'000	31 December 2014 RMB'000
An entity owned by a director				
Golden Throat Travelling				
Advertising service from	*(i)*	2,000	2,000	–
Loans to	*(ii)*	53,250	–	–
Repayment of loans from	*(ii)*	–	53,250	–
An entity significantly influenced by a director				
Golden Throat Football School				
Donation to	*(iii)*	1,290	1,608	1,212
An entity controlled by a director				
Jinqing Investment				
Disposal of Weikete *(note 29)*		–	–	7,382
Repayment of loans on behalf of Weikete	*(iv)*	–	–	10,848
Jingui Investment				
Disposal of Weikete *(note 29)*		–	–	4,153
Repayment of loans on behalf of Weikete	*(iv)*	–	–	6,102
Guangxi Peizhen Investment Consulting Co., Ltd. ("**Peizhen Investment**")				
Transfer of funding right of Golden Throat Football School to	*(v)*	–	–	473
Disposal of property, plant and equipment to	*(vi)*	–	–	80
Disposal of prepaid land lease payments to	*(vi)*	–	–	1,270
Director				
Jiang Peizhen				
Transfer amount due from Weikete to	*(vii)*	–	–	28,442
Transfer amount due from Peizhen Investment to	*(vii)*	–	–	1,823
Offset of amounts due from and amount due to	*(vii)*	–	–	30,265

Notes:

(i) The advertising fee was charged with reference to prices mutually agreed between the parties.

(ii) The loans to a related party were unsecured, non-interest-bearing and payable on demand.

(iii) The donation was made based on mutual agreement.

(iv) In accordance with the Debts Arrangement Agreement entered into by Golden Throat Company, Jinqing Investment, Jingui Investment and Weikete on 27 September 2014, Jinqing Investment and Jingui Investment repaid RMB10,848,000 and RMB6,102,000, respectively, to the Group for the loans of Weikete from a third party paid by the Group.

(v) The funding right of Golden Throat Football School was transferred to a related party based on mutual agreement.

(vi) The property, plant and equipment and leasehold land were disposed to a related party based on mutual agreement.

(vii) In accordance with the Debts Offset Agreement entered into by various parties, which takes effect on 31 December 2014, amount due from Weikete and Peizhen Investment of RMB28,442,000 and RMB1,823,000 respectively, were transferred to Jiang Peizhen, which were offset by the amount due to Jiang Peizhen of RMB30,265,000 arising from the Reorganisation.

(b) Other transactions with related parties:

(i) Golden Throat Travelling has guaranteed certain of the Group's bank loans up to RMB20,000,000, RMB68,000,000 and nil as at 31 December 2012, 2013 and 2014, respectively *(note 23)*.

(ii) Golden Throat Travelling has pledged certain of its buildings with aggregate net carrying values of nil, RMB47,929,000 and nil to secure certain of the Group's bank loans as at 31 December 2012, 2013 and 2014, respectively *(note 23)*.

(iii) Jiang Peizhen has guaranteed certain of the Group's bank loans up to nil, RMB28,000,000 and nil as at 31 December 2012, 2013 and 2014, respectively *(note 23)*.

(iv) Golden Throat Company has guaranteed certain of Weikete's loans up to RMB9,315,000 as at 31 December 2014. The loans were settled in February 2015.

(c) Outstanding balances with related parties:

(i) As disclosed in the consolidated statement of financial position, the Group had an outstanding balance due from a related party of RMB53,250,000, nil and RMB3,673,000 as at 31 December 2012, 2013 and 2014, respectively. The balances of 31 December 2012 and 2013 are unsecured, non-interest-bearing and payable on demand. The balance as at 31 December 2014 is unsecured, non-interest-bearing and will be settled by offsetting the liabilities arising from purchase of raw materials from the related party in future.

(ii) The Group had an outstanding balance due to a director of nil, nil and RMB188,000 as at 31 December 2012, 2013 and 2014, respectively. The balance is unsecured, non-interest-bearing and repayable on demand.

(iii) The Group had outstanding balances due to related parties of nil, nil and RMB7,585,000 as at 31 December 2012, 2013 and 2014, respectively. The balance is unsecured, non-interest-bearing and repayable on demand. The outstanding balance as at 31 December 2014 was settled in February 2015.

(d) Compensation of key management personnel of the Group:

	31 December 2012	31 December 2013	31 December 2014
	RMB'000	RMB'000	RMB'000
Short-term employee benefits	7,184	7,015	7,256
Pension scheme contributions	270	288	324
Total compensation paid to key management personnel	7,454	7,303	7,580

Further details of directors' remuneration are included in note 8 to the Financial Information.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Group

Financial assets

	As at 31 December 2012		
	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Trade and bills receivables	296,705	–	296,705
Financial assets included in prepayments, deposits and other receivables	5,118	–	5,118
Due from a related party	53,250	–	53,250
Available-for-sale investment	–	69	69
Cash and cash equivalents	105,702	–	105,702
	460,775	69	460,844

	As at 31 December 2013		
	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Trade and bills receivables	300,996	–	300,996
Financial assets included in prepayments, deposits and other receivables	6,077	–	6,077
Available-for-sale investments	–	1,084	1,084
Cash and cash equivalents	145,505	–	145,505
	452,578	1,084	453,662

	As at 31 December 2014		
	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Trade and bills receivables	261,998	–	261,998
Financial assets included in prepayments, deposits and other receivables	5,196	–	5,196
Due from a related party	3,673	–	3,673
Available-for-sale investments	–	1,103	1,103
Pledged deposits	22,126	–	22,126
Cash and cash equivalents	127,163	–	127,163
	420,156	1,103	421,259

Financial liabilities at amortised cost

	31 December 2012	31 December 2013	31 December 2014
	RMB'000	RMB'000	RMB'000
Trade payables	32,211	19,204	19,773
Financial liabilities included in other payables and accruals	52,702	77,675	84,701
Interest-bearing bank borrowings	54,500	108,000	94,780
Due to a director	–	–	188
Due to related parties	–	–	7,585
Dividend payable	13,498	121,756	137,720
	152,911	326,635	344,747

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments approximate to their fair values.

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals and amounts due from/to a director and related parties approximate to their carrying amounts largely due to the short-term maturities of these instruments. The fair values of interest-bearing bank borrowings approximate to their carrying amounts largely due to the fixed interest rate of these instruments or the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the finance manager. At 31 December 2012, 2013 and 2014, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of listed equity investments are based on quoted market prices. The fair values of the unlisted available-for-sale investments have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for available-for-sale investments as at the end of each of the reporting period was assessed to be insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active inputs (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investments	69	–	–	69

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active inputs (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investments	84	1,000	–	1,084

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active inputs (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investments	103	1,000	–	1,103

The Group did not have any financial liabilities measured at fair value as at 31 December 2012, 2013 and 2014.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

The following table demonstrates the sensitivity to a reasonably possible change in the RMB interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax
		RMB'000
2012		
RMB	50	(173)
RMB	(50)	173
2013		
RMB	50	(200)
RMB	(50)	200
2014		
RMB	50	(350)
RMB	(50)	350

Credit risk

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis.

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, other receivables and amounts due from a related party, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by geographical region. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed in different regions.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 17 and 18 to the Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade receivables, other financial assets) and projected cash flows from operations.

The Group maintains a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on contractual undiscounted payments, is as follows:

Liquidity risk

	As at December 2012					
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Interest-bearing bank borrowings	–	26,668	28,669	–	–	55,337
Trade payables	8,376	23,835	–	–	–	32,211
Financial liabilities included in other payables and accruals	5,666	36,433	10,603	–	–	52,702
Dividend payable	13,498	–	–	–	–	13,498
	27,540	86,936	39,272	–	–	153,748

	As at December 2013					
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Interest-bearing bank borrowings	–	21,603	89,179	–	–	110,782
Trade payables	1,701	17,503	–	–	–	19,204
Financial liabilities included in other payables and accruals	5,355	63,005	9,315	–	–	77,675
Dividend payable	121,756	–	–	–	–	121,756
	128,812	102,111	98,494	–	–	329,417

	As at December 2014					
	On demand	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**	**RMB'000**
Interest-bearing bank borrowings	–	75,413	20,290	–	–	95,703
Trade payables	2,672	17,101	–	–	–	19,773
Financial liabilities included in other payables and accruals	4,554	68,244	11,903	–	–	84,701
Due to a director	188	–	–	–	–	188
Due to related parties	7,585	–	–	–	–	7,585
Dividend payable	137,720	–	–	–	–	137,720
	152,719	160,758	32,193	–	–	345,670

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by the capital plus net debt. Net debt includes interest-bearing bank borrowings, trade payables, other payables and accruals and amounts due to a director and related parties, less cash and cash equivalents. Total capital represents equity attributable to owners of the parent. The gearing ratio as at the end of each of the Relevant Periods was as follows:

Capital management

	31 December 2012	31 December 2013	31 December 2014
	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	54,500	108,000	94,780
Trade payables	32,211	19,204	19,773
Other payables and accruals	93,282	146,567	172,322
Due to a director	–	–	188
Due to related parties	–	–	7,585
Less: Cash and cash equivalents	(105,702)	(145,505)	(127,163)
Net debt	74,291	128,266	167,485
Equity attributable to owners of the parent	434,331	167,013	91,352
Capital and net debt	508,622	295,279	258,837
Gearing ratio	15%	43%	65%

36. EVENTS AFTER THE RELEVANT PERIODS

On 12 August 2014, Golden Throat Company filed a transfer application relating to the transfer of the trademark of "Golden Throat Lozenge (金嗓子喉寶)" with the registration number 1969118 (the "**Well-known Trademark**") and other related trademarks for free to Guangxi Peizhen Investment Consulting Co., Ltd. ("**Peizhen Investment**"), a company controlled by Jiang Peizhen, with the Trademark Office of the State Administration for Industry and Commerce ("**SAIC**"). On 27 January 2015, the Trademark Office of SAIC acknowledged the above transfer of the trademarks.

On 24 June 2015, the Company entered into a trademark licensing agreement and a portrait licensing agreement with Peizhen Investment and Jiang Peizhen, respectively, under each of which the Company has been granted with an exclusive licence, subject to certain terms and conditions, to use the Well-known Trademark, Jiang Peizhen's portrait and other related trademarks for free. The above agreements became effective on 1 November 2014.

On 13 February 2015, every one issued and unissued share of the Company of US$1.00 par value each was sub-divided into 40,000 shares of US$0.000025 par value each such that the authorised share capital remained unchanged as US$50,000 was divided into 2,000,000,000 shares in one class with par value of US$0.000025 each, of which 120,000 shares were issued and outstanding. Out of these 120,000 shares, each of Golden Throat International Holdings Limited ("**Golden Throat International**"), Jin Chen Global Investment Company Limited ("**Jin Chen Global**") and Jin Qing Global Investment Company Limited ("**Jin Qing Global**") held 40,000 shares.

On 4 March 2015, the Company allotted and issued to Golden Throat International, Jin Chen Global and Jin Qing Global, 448,476,800 shares, 79,113,200 shares and 17,060,000 shares, respectively, at par value of US$0.000025 per share.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to 31 December 2014.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included for information purposes only. The pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets have been prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" issued by the HKICPA for illustration purposes only, and is set out here to illustrate the effect of the global offering on the consolidated net tangible assets as at 31 December 2014 as if it had taken place on 31 December 2014.

The unaudited pro forma adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the global offering been completed as at 31 December 2014 or any future date. It is prepared based on the consolidated net tangible assets as at 31 December 2014 as set out in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets does not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Consolidated net tangible assets attributable to owners of the Company as at 31 December 2014	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets	Unaudited pro forma adjusted consolidated net tangible assets per Share	
	RMB'000	RMB'000	RMB'000	RMB	HK$ equivalent
	(Note 1)	(Note 2)		(Note 3)	(Note 4)
Based on an Offer Price of HK$4.58 per Share	91,352	600,180	691,532	0.95	1.21
Based on an Offer Price of HK$6.28 per Share	91,352	836,152	927,504	1.28	1.62

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as at 31 December 2014 is based on the audited consolidated equity attributable to owners of the Company of RMB91,352,000 as at 31 December 2014, as shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the offer price of 4.58 or 6.28 per Share, after deduction of the underwriting fees and related expenses payable by the Company and do not take into account any Shares which may be issued upon exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is calculated based on 726,360,000 Shares in issue immediately following the completion of the Global Offering without taking into account any Shares which may be issued upon exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted consolidated net tangible assets per share is converted into Hong Kong dollars at the PBOC rate of HK$1.00 to RMB0.78851 prevailing on 23 June 2015.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

EY 安永

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

30 June 2015

To the Directors of Golden Throat Holdings Group Company Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Golden Throat Holdings Group Company Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets as at 31 December 2014, and related notes as set out on pages II-1 to II-2 of the prospectus of the Company dated 30 June 2015 (the "**Prospectus**") (the "**Pro Forma Financial Information**"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II to the Prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 31 December 2014 as if the transaction had taken place at 31 December 2014. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2014, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Reporting Accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Companies Law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 2 September, 2014 under the Companies Law. The Memorandum of Association and the Articles of Association comprise its constitution.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 24 June 2015 which shall become effective upon listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) Power to allot and issue Shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares of the Company, any share of the Company may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Subject to the Companies Law, the rules of the HK Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the HK Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares of the Company, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares of the Company shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares of the Company, to make, or make available, any such allotment, offer, option or disposal of shares of the Company to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the Board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iii) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or ex-Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to the Directors.

(v) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and, subject to the Articles, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. Subject as otherwise provided by the Articles, the Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

Subject to the Companies Law and the Articles, no Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the Board after he knows that he is or has become so interested either specifically or by way of a general notice.

A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or other proposal in which he or any of his close associates (as defined in the Articles) is materially interested and such Director shall not attend the meeting of the Board where such resolution is considered, unless his/her attendance is specifically requested by a majority of the independent non-executive Directors, but the foregoing prohibition shall not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) subject to Rule 14.33 of the Listing Rule (as defined in the Articles) (as amended from time to time), any proposal concerning any other company in which the Director or his close associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the Director or his close associate(s) is/are beneficially interested in shares of that company, provided that the Director and any of his close associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his close associates is derived) or of the voting rights;

(ee) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit, or the adoption, modification or operation of a pension fund or retirement, death, or disability benefits scheme which relates both to the Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates; or (ff) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

Where proposals are under consideration concerning the appointment (including fixing or varying the terms of or terminating the appointment) of two or more Directors to offices or employments with the Company or any company in which the Company is interested, such proposals shall be divided and considered in relation to each Director separately and in such case each of the Directors concerned (if not prohibited from voting under the Articles) shall be entitled to vote and be counted in the quorum in respect of each resolution except that concerning his own appointment.

(vi) Remuneration

The ordinary remuneration of the Directors shall from time to time be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the Board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors shall also be entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any Board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The Board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependants or any class or classes of such persons.

The Board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependants, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependants are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the Board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Retirement, appointment and removal

Notwithstanding any other provisions in the Articles, every Director shall be subject to retirement by rotation at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board. Any Director appointed to fill a casual vacancy shall hold office until the next following annual general meeting of the Company after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the members may by ordinary resolution appoint another in his place at the meeting at which such Director is removed. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of Director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the Board (unless an alternate Director appointed by him attends) for six (6) consecutive months, and the Board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles; or

(gg) if he is removed from office by notice in writing served upon him signed by not less than two-thirds in number (or, if that is not a round number, the nearest lower round number) of all the Directors then in office.

The Board may from time to time appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the Board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets (present and future) and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) Proceedings of the Board

The Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(x) Register of Directors and Officers

The Companies Law and the Articles provide that the Company is required to maintain at its registered office a register of Directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such Directors or officers.

(b) Alterations to constitutional documents

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(c) Alteration of capital

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares of the Company attach thereto respectively any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the Directors may determine;

(iv) sub-divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares of the Company; or

(v) cancel any shares of the Company which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, all or any of the special rights attached to the shares or any class of shares of the Company may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in number of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in number of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

The special rights conferred upon the holders of any shares or class of shares of the Company shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares of the Company ranking *pari passu* therewith.

(e) Special resolution-majority required

Pursuant to the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles (see paragraph 2(i) below for further details).

A copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) Voting rights

Subject to any special rights or restrictions as to voting for the time being attached to any shares of the Company by or in accordance with the Articles, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of the Company of which he is the holder but so that no amount paid up or credited as paid up on a share of the Company in advance of calls or installments is treated for the foregoing purposes as paid up on the share of the Company. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any Shareholder is, under the rules of the HK Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

(g) Requirements for annual general meetings

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the HK Stock Exchange) at such time and place as may be determined by the Board.

(h) Accounts and audit

The Board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records shall be kept at the registered office or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the Board or the Company in general meeting. However, an exempted company shall make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the HK Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the Directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the Directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) Notices of meetings and business to be conducted thereat

An annual general meeting must be called by notice of not less than twenty-one (21) clear days. All other general meetings (including extraordinary general meetings) must be called by notice of at least fourteen (14) clear days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares of the Company they hold, are not entitled to receive such notices from the Company, and also to the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the HK Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent (95%) of the total voting rights at the meeting of all the members.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the Directors and the auditors;

(cc) the election of the Directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the Directors and of the auditors;

(ff) the granting of any mandate or authority to the Directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent. (20%) in number of its existing issued share capital; and

(gg) the granting of any mandate or authority to the Directors to repurchase securities of the Company.

(j) Transfer of shares

All transfers of shares of the Company may be effected by an instrument of transfer in the usual or common form or in a form prescribed by the HK Stock Exchange or in such other form as the Board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time. The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferee in any case in which it thinks fit, in its discretion, to do so and the transferor shall be deemed to remain the holder of the Share until the name of the transferee is entered in the register of members in respect thereof. The Board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The Board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to time transfer any Share upon the principal register to any branch register or any Share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares of the Company on the principal register shall be transferred to any branch register nor may shares of the Company on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares of the Company on a branch register, at the relevant registration office and, in the case of shares of the Company on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The Board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share of the Company (not being a fully paid up share) to a person of whom it does not approve or any share of the Company issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share of the Company to more than four joint holders or any transfer of any Share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognise any instrument of transfer unless a fee of such maximum sum as the HK Stock Exchange may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, is in respect of only one class of share of the Company and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of the HK Stock Exchange, at such times and for such periods as the Board may determine and either generally or in respect of any class of shares of the Company. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) Power for the Company to purchase its own Shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the HK Stock Exchange.

(l) Power for any subsidiary of the Company to own Shares in the Company and financial assistance to purchase Shares of the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the HK Stock Exchange and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) Dividends and other methods of distribution

Subject to the Companies Law, the Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any Share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares of the Company in respect whereof the dividend is paid but no amount paid up on a share of the Company in advance of calls shall for this purpose be treated as paid up on the share of the Company and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares of the Company during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares of the Company all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the Board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares of the Company credited as fully paid up, provided that the Shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that Shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit. The Company may also upon the recommendation of the Board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares of the Company credited as fully paid up without offering any right to Shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares of the Company may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares of the Company at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares of the Company, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares of the Company held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the Board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share of the Company shall bear interest against the Company.

(n) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(o) Call on shares and forfeiture of shares

Subject to the Articles and to the terms of allotment, the Board may from time to time make such calls upon the members in respect of any monies unpaid on the shares of the Company held by them respectively (whether on account of the nominal value of the shares of the Company or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the Board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares of the Company held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the Board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the Board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares of the Company in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share of the Company in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share of the Company and not actually paid before the forfeiture.

A person whose shares of the Company have been forfeited shall cease to be a member in respect of the forfeited shares of the Company but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares of the Company, together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the Board determines.

(p) Inspection of register of members

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.5 or such lesser sum specified by the Board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.0 or such lesser sum specified by the Board, at the Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

Save as otherwise provided by the Articles the quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in number of the issued shares of that class.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorised representative being the person appointed by resolution of the Directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) Rights of the minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority Shareholders in relation to fraud or oppression. However, certain remedies are available to Shareholders of the Company under Cayman law, as summarised in paragraph 3(f) of this Appendix.

(s) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares of the Company (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares of the Company held by them respectively and (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares of the Company held by them respectively.

If the Company shall be wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares of the Company or other property in respect of which there is a liability.

(t) Untraceable members

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the HK Stock Exchange giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the HK Stock Exchange, has elapsed since the date of such advertisement and the HK Stock Exchange has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares of the Company have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share of the Company, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share of the Company on any exercise of the warrants.

3. CAYMAN COMPANIES LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman law. Set out below is a summary of certain provisions of Cayman Companies Law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

Subject to all applicable laws, the Company may give financial assistance to the Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company shall be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company shall not be treated as a member for any purpose and shall not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share shall not be voted, directly or indirectly, at any meeting of the company and shall not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law. Further, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of section 34 of the Companies Law, there is no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see paragraph 2(m) above for further details).

(f) Protection of minorities

The Cayman Islands courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Management

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company shall cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 24 February 2015.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company will have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register shall be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. A company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time. There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

(n) Winding up

A company may be wound up compulsorily by order of the Court voluntarily or under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person are appointed to such office, the Court shall declare whether any act hereby required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to the Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorised by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(p) Compulsory acquisition

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(q) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Companies Law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the section headed "Appendix V – Documents Delivered to the Registrar of Companies and Available for Inspection" to this prospectus. Any person wishing to have a detailed summary of Cayman Companies Law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT THE COMPANY AND ITS SUBSIDIARIES

1. Incorporation

The Company was incorporated in the Cayman Islands on 2 September 2014 under the Cayman Companies Law as an exempted company with limited liability. The Company has established a place of business in Hong Kong at Suites 1-3, 16/F Kinwick Centre, 32 Hollywood Road, Central, Hong Kong, and has been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on 3 November 2014. Ms. NG Wingshan has been appointed as the authorised representative of the Company for acceptance of service of process in Hong Kong. The address for acceptance of service of process in Hong Kong is 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

As the Company was incorporated in the Cayman Islands, its operations is subject to the Cayman Companies Law and to the Memorandum and Articles of Association. A summary of certain aspects of the Cayman Companies Law and a summary of certain provisions of the Memorandum and the Articles of Associations are set out in the section headed "Appendix III – Summary of the Constitution of the Company and Cayman Companies Law" to this prospectus.

2. Changes in Share Capital

As at the date of incorporation, the Company had an authorised share capital of US$50,000, divided into 50,000 shares of US$1.00 each.

The following sets out the changes in the share capital of the Company during the two years immediately preceding the date of this prospectus:

On 2 September 2014, we allotted and issued one subscriber share at par of US$1.00 to H&J Corporate Services (Cayman) Ltd. On 4 September 2014, the one subscriber share was transferred to LCD Holdings Limited at par of US$1.00.

On 4 October 2014, LCD Holdings Limited transferred its one share of US$1.00 par value in the Company to Jin Chen Global and on the same day, one new share of US$1.00 par value of the Company was allotted and issued fully paid to Jin Jiang Global.

On 16 December 2014, Jin Jiang Global transferred its one share of US$1.00 par value in the Company to Jin Qing Global and on the same day, one new share of par value US$1.00 was allotted and issued fully paid to Golden Throat International.

On 13 February 2015, every one (1) issued and unissued share of US$1.00 par value each was sub-divided into 40,000 Shares of US$0.000025 par value each such that the authorised share capital remained unchanged as US$50,000 divided into 2,000,000,000 Shares in one class with par value of US$0.000025 each, of which 120,000 Shares were issued and outstanding. Out of these 120,000 Shares, 40,000 Shares were held by Golden Throat International, 40,000 Shares were held by Jin Chen Global and 40,000 Shares were held by Jin Qing Global.

On 4 March 2015, we allotted and issued to Golden Throat International, Jin Chen Global and Jin Qing Global, 448,476,800 Shares, 79,113,200 Shares and 17,060,000 Shares, respectively, at par of US$0.000025 per Share.

Save as disclosed above, there has been no alteration in the share capital of the Company during the two years immediately preceding the date of this prospectus.

3. Resolutions in writing of the Shareholders of the Company passed on 13 February 2015, 22 June 2015, 24 June 2015 and 25 June 2015, respectively

I. Pursuant to the written resolutions passed by the Shareholders on 13 February 2015, the Company approved:

(a) a subdivision of the Shares pursuant to which each issued and unissued Share of US$1.00 par value was subdivided into 40,000 Shares of US$0.000025 par value each; and

(b) the adoption of an amended and restated Memorandum of Association of the Company reflecting the subdivision of the Shares referred to above.

II. Pursuant to the written resolutions passed by the Shareholders on 22 June 2015:

(a) conditional on (i) the Listing Committee granting approval for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, (ii) the Offer Price being fixed on the Price Determination Date and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming and remaining unconditional and not being terminated in accordance with the terms therein or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

  (i) the Global Offering and the Over-allotment Option were approved and the Directors were authorised to allot and issue the new Shares pursuant to the Global Offering and the Over-allotment Option;

  (ii) the granting of the Over-allotment Option was approved; and

  (iii) the proposed Listing was approved and the Directors were authorised to implement the Listing;

(b) a general unconditional mandate was granted to the Directors to allot, issue and deal with Shares or securities convertible into the Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate number of Shares allotted or agreed conditionally or unconditionally to be allotted by the Directors other than pursuant to (i) a rights issue, (ii) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, (iii) the exercise of any rights of subscription or conversion into the Shares in issue prior to the date of passing the relevant resolution or (iv) a specific authority granted by the Shareholders in general meeting, shall not exceed 20% of the number of Shares in issue immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect during the period from the passing of the resolution until the earliest of the conclusion of our next annual general meeting, the expiration of the period within which we are required by any applicable law or the Articles to hold our next annual general meeting or the date on which the resolution is varied or revoked by an ordinary resolution of the Shareholders in general meeting (the "**Applicable Period**");

(c) a general unconditional mandate was granted to the Directors to exercise all the powers of the Company to repurchase, on the Stock Exchange or any other stock exchange on which the securities of the Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, the total number of Shares may not exceed 10% of the number of issued Shares immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect during the Applicable Period; and

(d) the general unconditional mandate mentioned in paragraph (b) above be extended by the addition to the total number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the total number of Shares repurchased by the Company pursuant to the mandate to repurchase Shares referred to in paragraph (c) above, provided that such extended number of Shares shall not exceed 10% of the total number of Shares in issue immediately following the completion of the Global Offering (but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

III. Pursuant to the written resolution passed by the Shareholders on 24 June 2015, the Company approved and adopted the Articles of Association which will come into effect upon the Listing.

IV. Pursuant to the written resolution passed by the Shareholders on 25 June 2015, the Company approved and adopted the maximum number of Shares which may be issued under the Over-allotment Option shall be 27,238,500 Shares.

4. Reorganisation

In order to rationalise our structure and prepare for the Listing, the Group has undertaken several restructuring steps. Please see the section headed "History and Development – Reorganisation" in this prospectus for details.

5. Changes in Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are listed in Note 1 to the Accountants' Report set out in Appendix I to this prospectus. Save for the subsidiaries mentioned in the Accountants' Report set out in Appendix I to this prospectus, the Company has no other subsidiaries.

Save as disclosed in the section headed "History and Development" in this prospectus, there have been no alterations in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

6. Repurchase of Our Own Securities

(a) Provisions of the Listing Rules

The Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their own securities on the Stock Exchange subject to certain restrictions, the more important of which are summarised below:

(i) Shareholders' Approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution passed by our then Shareholders on 22 June 2015, a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors authorising any repurchase by the Company of the Shares on the Stock Exchange or on any other stock exchange on which the securities may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of not more than 10% of the total number of Shares in issue immediately following the completion of the Global Offering, such mandate to expire at the conclusion of our next annual general meeting, the expiration of the period within which we are required by any applicable laws or the Articles to hold our next annual general meeting or the date on which the resolution is varied or revoked by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

(ii) Source of Funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as amended from time to time. Subject to the foregoing, any repurchases by the Company may be made out of the profits of the Company, out of the share premium account of the Company or out of a fresh issue of the Shares made for the purpose of the repurchase or, subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of the Company or from sums standing to the credit of the share premium account of the Company or, subject to the Cayman Companies Law, out of capital.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant minimum prescribed percentage as required by the Stock Exchange. A company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of Repurchased Shares

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed. Under the Cayman Companies Law, unless, prior to the purchase, the directors of the company resolve to hold the shares by the company as treasury shares, a company's repurchased shares will be treated as cancelled and the amount of the company's issued share capital shall be reduced by the aggregate par value of the repurchased shares accordingly although the authorised share capital of the company will not be reduced.

(v) Suspension of Repurchase

A listed company may not make any repurchase of securities on the Stock Exchange at any time after inside information has come to its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person and a core connected person is prohibited from knowingly selling his securities to the listed company.

(b) Reasons for Repurchases

The Directors believe that the ability to repurchase Shares is in the interests of the Company and the Shareholders. Repurchases may, depending on market conditions, funding arrangements and other circumstances, result in an increase in the net assets and/or earnings per Share. The Directors sought the grant of a general mandate to repurchase Shares to give the Company the flexibility to do so if and when appropriate. The number of the Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining. Repurchases of the Shares will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders.

(c) Funding of Repurchases

In repurchasing securities, the Company may only apply funds lawfully available for such purpose in accordance with its Memorandum and Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. There could be a material adverse impact on the working capital and/or gearing position of the Company (as compared with the position disclosed in this prospectus) in the event that the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, the Directors do not propose to exercise the general mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

(d) General

The exercise in full of the repurchase mandate, on the basis of 726,360,000 Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), could accordingly result in up to approximately 72,636,000 Shares being repurchased by the Company during the period prior to:

(i) the conclusion of our next annual general meeting; or

(ii) the expiration of the period within which we are required by any applicable law or the Articles to hold our next annual general meeting; or

(iii) the date when the repurchase mandate is varied or revoked by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates, has any present intention to sell any Shares to the Company or our subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and applicable laws in the Cayman Islands.

No core connected person of the Company has notified the Company that he/she or it has a present intention to sell Shares to the Company, or has undertaken not to do so, if the repurchase mandate is exercised.

If, as a result of any repurchase of the Shares pursuant to the repurchase mandate, a Shareholder's proportionate interest in the voting rights of the Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of the Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of the Shares that results in the number of the Shares held by the public falling below 25% of the total number of the Shares in issue, being the relevant minimum prescribed percentage as required by the Stock Exchange, could only be implemented if the Stock Exchange agreed to waive the requirement regarding the public float under Rule 8.08 of the Listing Rules. However, the Directors have no present intention to exercise the repurchase mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years preceding the date of this prospectus and are or may be material:

(a) an equity transfer agreement dated 26 March 2014 between Golden Throat Company and Guangxi Investment Group Co., Ltd. in relation to the acquisition of 95.61% equity interest in Weikete for a cash consideration of RMB11,535,300;

(b) an asset transfer agreement dated 30 October 2014 between Golden Throat Pharmaceutical (as transferor) and Peizhen Investment (as transferee) in relation to the asset transfer in relation to the gasoline station business of Golden Throat Pharmaceutical for a cash consideration of RMB1,350,000;

(c) an equity transfer agreement dated 16 December 2014 between Golden Throat Company (as transferor) and Liuzhou Jinqing Equity Investment Centre (LLP) and Liuzhou Jingui Equity Investment Centre (LLP) (as transferees), both controlled by Ms. JIANG Peizhen, in relation to the transfer of 95.6112% equity interest in Weikete, at a total consideration of RMB11,535,300;

(d) a credit and debt set-off agreement dated 10 February 2015 among Golden Throat Investment, Golden Throat Company, Golden Throat Pharmaceutical, Peizhen Investment, Weikete and Ms. JIANG Peizhen in relation to the set-off of an amount of RMB30,265,000 owed by Golden Throat Investment to Ms. JIANG Peizhen;

(e) a cornerstone investment agreement dated 25 June 2015 and entered into among Super Silverwood Limited, dGav Venture Capital Investment Management Co., Ltd, Credit Suisse (Hong Kong) Limited and the Company, pursuant to which Super Silverwood Limited agreed to subscribe for the Offer Shares in the amount of US$20,000,000, the details of which are set out in the section headed "Cornerstone Investors – The Cornerstone Investors – Super Silverwood Limited" in this prospectus;

(f) a cornerstone investment agreement dated 25 June 2015 and entered into among Guangzhou RunTian Marketing Co., Ltd, Mr. CHEN Kexin, Credit Suisse (Hong Kong) Limited and the Company, pursuant to which Guangzhou RunTian Marketing Co., Ltd agreed to subscribe for the Offer Shares in the amount of US$10,000,000, the details of which are set out in the section headed "Cornerstone Investors – The Cornerstone Investors – Guangzhou RunTian Marketing Co., Ltd (廣州潤鈿營銷策劃有限公司)" in this prospectus;

(g) a cornerstone investment agreement dated 25 June 2015 and entered into among Town Health Corporate Advisory and Investments Limited (康健企業諮詢及投資有限公司), Town Health International Medical Group Limited, Credit Suisse (Hong Kong) Limited and the Company, pursuant to which Town Health Corporate Advisory and Investments Limited agreed to subscribe for the Offer Shares in the amount of US$6,000,000, the details of which are set out in the section headed "Cornerstone Investors – The Cornerstone Investors – Town Health Corporate Advisory and Investments Limited" in this prospectus;

(h) a cornerstone investment agreement dated 25 June 2015 and entered into among China New Rich Medicine Holding Co. Limited, New Ray Medicine International Holding Limited, Credit Suisse (Hong Kong) Limited and the Company, pursuant to which China New Rich Medicine Holding Co. Limited agreed to subscribe for the Offer Shares in the amount of US$4,000,000, the details of which are set out in the section headed "Cornerstone Investors – The Cornerstone Investors – China New Rich Medicine Holding Co. Limited" in this prospectus; and

(i) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of the Group

(a) Trademarks

As of the Latest Practicable Date, our material registered trademarks were as follows:

No.	Trademark	Place of Registration	Name of registered proprietor/ applicant	Registration/ application No.	Class	Registration Date	Expiry Date
1	都乐	PRC	Golden Throat Company	1905960	5	7 December 2002	6 December 2022
2	金嗓子	PRC	Golden Throat Company	1909371	5	14 February 2003	13 February 2023
3	Golden THROAT	PRC	Golden Throat Company	3185370	5	28 March 2004	27 March 2024
4	喉寶	PRC	Golden Throat Company	3245359	5	28 October 2003	27 October 2023

No.	Trademark	Place of Registration	Name of registered proprietor/ applicant	Registration/ application No.	Class	Registration Date	Expiry Date
5		PRC	Golden Throat Company	3190108	5	14 September 2003	13 September 2023
6	Golden THROAT 指定颜色	PRC	Golden Throat Company	3611718	5	21 January 2006	20 January 2016
7		PRC	Golden Throat Pharmaceutical	660207	5	7 October 1993	6 October 2023
8	金 G	PRC	Golden Throat Company	7883625	5	7 February 2012	6 February 2022
9	HOU BAO	PRC	Golden Throat Company	1736490	5	28 March 2002	27 March 2022
10	都乐	PRC	Golden Throat Company	1410351	5	21 June 2000	20 June 2020
11	都乐	PRC	Golden Throat Company	864025	5	21 August 1995	20 August 2016
12		PRC	Golden Throat Company	1212298	5	7 October 1998	6 October 2018
13	金嗓子喉寶	PRC	Golden Throat Company	2021310	5	14 August 2004	13 August 2024

No.	Trademark	Place of Registration	Name of registered proprietor/ applicant	Registration/ application No.	Class	Registration Date	Expiry Date
14		PRC	Golden Throat Company	9419147	5	21 July 2012	20 July 2022
15	JSZ	PRC	Golden Throat Company	7831944	5	14 January 2011	13 January 2021
16		PRC	Golden Throat Company	7775862	5	21 December 2010	20 December 2020
17	Golden	PRC	Golden Throat Company	1608501	5	28 July 2001	27 July 2021
18		PRC	Golden Throat Company	7272594	5	21 October 2010	20 October 2020
19		PRC	Golden Throat Company	5175207	5	28 March 2011	27 March 2021
20	喉寶	PRC	Golden Throat Company	3108263	5	28 September 2007	28 September 2017
21		PRC	Golden Throat Company	6030301	5	28 March 2011	27 March 2021
22		PRC	Golden Throat Company	3611719	5	14 December 2005	13 December 2015
23		PRC	Golden Throat Company	9816126	5	14 April 2014	13 April 2024
24	Golden THROAT	PRC	Golden Throat Company	1639099	30	21 September 2001	20 September 2021
25	Golden THROAT	PRC	Golden Throat Company	1730944	30	14 March 2002	13 March 2022

No.	Trademark	Place of Registration	Name of registered proprietor/ applicant	Registration/ application No.	Class	Registration Date	Expiry Date
26	HOU BAO	PRC	Golden Throat Company	1730943	30	14 March 2002	13 March 2022
27	JIN SANG ZI	PRC	Golden Throat Company	1730941	30	14 March 2002	13 March 2022
28	JIN SANG ZI	PRC	Golden Throat Company	1730942	30	14 March 2002	13 March 2022
29	都乐牌	PRC	Golden Throat Company	111619	30	31 October 1979	28 February 2023
30	都乐	PRC	Golden Throat Company	719429	30	14 December 1994	13 December 2024
31	喉寶	PRC	Golden Throat Company	1035551	30	21 June 1997	20 June 2017
32	喉寶	PRC	Golden Throat Company	1351370	30	7 January 2000	6 January 2020
33	喉寶	PRC	Golden Throat Company	808805	30	21 January 1996	20 January 2016
34	金嗓子	PRC	Golden Throat Company	1351369	30	7 January 2000	6 January 2020
35	金嗓子	PRC	Golden Throat Company	1059614	30	21 July 1997	20 July 2017
36	喉寶	PRC	Golden Throat Company	3108261	30	28 April 2003	27 April 2023

No.	Trademark	Place of Registration	Name of registered proprietor/ applicant	Registration/ application No.	Class	Registration Date	Expiry Date
37	金嗓子	PRC	Golden Throat Company	1960252	30	14 November 2002	13 November 2022
38	都 乐	PRC	Golden Throat Company	1964121	30	7 March 2004	6 March 2024
39		PRC	Golden Throat Company	3190109	30	14 July 2003	13 July 2023
40		PRC	Golden Throat Company	7883624	30	28 August 2011	27 August 2021
41	Golden THROAT QUIET CLEAR SPRING	PRC	Golden Throat Company	6030315	30	28 March 2011	27 March 2021
42	Golden THROAT	PRC	Golden Throat Company	5175208	30	7 April 2009	6 April 2019
43	都 乐	PRC	Golden Throat Company	13149642	30	21 December 2014	20 December 2024
44		PRC	Golden Throat Company	7775863	30	28 July 2011	27 July 2021
45	Golden 金嗓子喉寶	PRC	Golden Throat Company	5215230	30	21 August 2010	20 August 2020

No.	Trademark	Place of Registration	Name of registered proprietor/ applicant	Registration/ application No.	Class	Registration Date	Expiry Date
46	金嗓子喉寶	PRC	Golden Throat Company	2009283	30	28 February 2003	27 February 2023
47	Golden	PRC	Golden Throat Company	1639275	30	21 September 2011	20 September 2021
48	Golden THROAT	Hong Kong	Golden Throat Company	2004B06203	5	3 July 2002	3 July 2019
49	Golden THROAT	Hong Kong	Golden Throat Company	2004B07909	30	3 July 2002	3 July 2019
50	A Golden 金嗓子喉寶 B GOLDEN 金嗓子喉寶 C GOLDEN 金嗓子喉宝	Hong Kong	Golden Throat Company	2005B00978	5	15 May 2002	15 May 2019
51	A Golden 金嗓子喉寶 B GOLDEN 金嗓子喉寶 C GOLDEN 金嗓子喉宝	Hong Kong	Golden Throat Company	2005B00979	30	15 May 2002	15 May 2019
52	金嗓子	Hong Kong	Golden Throat Company	199806694	5	28 October 1996	28 October 2023
53	金嗓子	Hong Kong	Golden Throat Company	200107114	30	8 June 2000	8 June 2017
54	A 金嗓子喉寶 B 金嗓子喉寶 C 金嗓子喉宝	Hong Kong	Golden Throat Company	200313645	5	19 July 2002	19 July 2019
55	金嗓子喉寶	Hong Kong	Golden Throat Company	200200328	30	11 July 2000	11 July 2017
56	金嗓子喉片	Hong Kong	Golden Throat Company	301655136	5, 30	5 July 2010	4 July 2020
57	金 G GOLDEN	PRC	Golden Throat Company	11788624	30	13 March 2015	13 March 2025

As of the Latest Practicable Date, the Group had applied for the registration of the following material trademarks:

No.	Trademark	Place of Application	Name of Applicant	Application No.	Class	Application Date
1	金嗓子益生	PRC	Golden Throat Company	14377943	1	15 April 2014
2	金嗓子五小时	PRC	Golden Throat Company	14377944	1	15 April 2014
3	金嗓子益智	PRC	Golden Throat Company	14377945	1	15 April 2014
4	金嗓子	PRC	Golden Throat Company	13852338	1	3 January 2014
5	金嗓子	PRC	Golden Throat Medical	12030746	35	11 January 2013
6		PRC	Golden Throat Company	11788625	5	23 November 2012
7	金嗓子喉宝	PRC	Golden Throat Company	15431285	32	28 September 2014
8		PRC	Golden Throat Company	16239719	5	27 January 2015
9		PRC	Golden Throat Company	16239718	30	27 January 2015
10		PRC	Golden Throat Company	16239717	32	27 January 2015
11		Hong Kong	Golden Throat Company	303247957	5, 30, 32	23 December 2014
12		Hong Kong	Golden Throat Company	303249757	5, 30, 32	24 December 2014

(b) Patents

As of the Latest Practicable Date, our material patent was as follows:

No.	Patent	Place of Registration	Patent holder	Patent No.	Authorisation Date	Expiry Date
1	Compounds used for preventing throat and oral cavity diseases, their preparations and methods	PRC	Golden Throat Company	ZL 2004 1 0098226.6	26 August 2009	29 November 2024

(c) Domain Names

As of the Latest Practicable Date, our material domain names were as follows:

No.	Domain Name	Registrant	Date of Registration	Expiry Date
1	www.goldenthroat.com	Golden Throat Company	29 August 2005	4 September 2015
2	金嗓子.中國	Golden Throat Company	25 February 2011	25 February 2016

(d) Copyrights

As of the Latest Practicable Date, we have registered the following copyrights:

No.	Registrant	Title of product	Registration No.	Author	Registration Date	Expiry Date
1	Golden Throat Company	Red paper box of Dule Lozenges (sugar-free)	2009-L-017451	JIANG Peizhen	1 August 2006	31 July 2056
2	Golden Throat Company	Red iron box of Dule Lozenges (sugar-free)	2009-L-017452	JIANG Peizhen	1 November 2007	31 October 2057
3	Golden Throat Company	Iron box of Dule Lozenges (sugar free, colourful-stripes iron box)	2009-L-017453	JIANG Peizhen	1 January 2006	31 December 2055
4	Golden Throat Company	Small box of Dule Lozenges (4-colour stripes paper box)	2009-L-017454	JIANG Peizhen	1 June 2007	31 May 2057

No.	Registrant	Title of product	Registration No.	Author	Registration Date	Expiry Date
5	Golden Throat Company	Small box of Dule Lozenges (sugar-free, colourful stripes paper box)	2009-L-017455	JIANG Peizhen	1 January 2006	31 December 2055
6	Golden Throat Company	Paper box of Yinxingye Tablet	2009-L-017456	JIANG Peizhen	1 July 2007	30 June 2057
7	Golden Throat Company	Paper box of Jinyinhua	2009-L-017457	JIANG Peizhen	1 April 2008	31 March 2058
8	Golden Throat Company	Paper box of Fukangning Tablet	2009-L-017458	JIANG Peizhen	1 April 2008	31 March 2058
9	Golden Throat Company	Paper box of Chenxianglu Bailu Tablet	2009-L-017459	JIANG Peizhen	1 March 2008	28 February 2058
10	Golden Throat Company	Yellow paper box of Jinyin Sanqi Capsule	2009-L-017460	JIANG Peizhen	1 October 2004	30 September 2054
11	Golden Throat Company	Paper box of lozenges (blue background, white stripes)	2009-L-017461	JIANG Peizhen	1 May 2007	30 April 2057
12	Golden Throat Company	Paper box of Golden Throat Lozenges (OTC) (4-colour stripes)	2009-L-017462	JIANG Peizhen	1 April 2007	31 March 2057
13	Golden Throat Company	Paper box of Golden Throat Lozenges (OTC) (blue 4-colour stripes)	2009-L-017463	JIANG Peizhen	1 January 1994	31 December 2043
14	Golden Throat Company	Large bag of Fructus Momordicae Yuzhu Granule	2009-L-017464	JIANG Peizhen	1 November 2007	31 October 2057
15	Golden Throat Company	Large bag of Banlangen Granule	2009-L-017465	JIANG Peizhen	1 November 2007	31 October 2057

C. FURTHER INFORMATION ABOUT THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of Interest

Interests and Short Positions of the Directors and the General Manager of the Company

Immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, the interests and short positions of the Directors or the General Manager of the Company in the Shares, underlying shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO) which have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange, once the Shares are listed, are as follows:

Long position in the Shares, underlying shares and debentures of the Company:

Name of Director	Nature of interest	Number of Shares held	Approximately % of interest in the Company
Mr. ZENG Yong(2) (曾勇)	Founder of a discretionary trust	544,770,000	75.0%
Ms. JIANG Peizhen(3) (江佩珍)	Interest through controlled corporation	5,347,400	13.3%
Mr. HUANG Jianping(4) (黃建平)	Beneficial owner	1,620,000	0.2%
Mr. ZENG Kexiong(5) (曾克雄)	Beneficial owner	7,200,000	1.0%
Mr. LU Xinghong(6) (呂興鴻)	Beneficial owner	6,660,000	0.9%
Mr. HE Jinqiang(7) (何錦強)	Beneficial owner	1,620,000	0.2%

Notes:

(1) The calculation is based on the total number of 726,360,000 Shares in issue immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised).

(2) The Family Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of Mr. ZENG Yong and his children and descendants with Sovereign Trust International Limited acting as the trustee, holds the entire issued share capital of Golden Throat International through Jin Jiang Global. As a result, Mr. ZENG Yong is deemed to be interested in 448,516,800 Shares held by Golden Throat International (which is 100% owned by Jin Jiang Global). Mr. ZENG is also the settlor of the Employees Trust and the Senior Management Trust which together hold the remaining 17.7% of our issued share capital of the Company. Furthermore, for so long as Jin Chen Employee Holdings Limited hold or control shares in the Company, all voting rights attaching to such shares shall be exercised by an investment review panel consisting of Mr. ZENG Yong and Ms. JIANG Peizhen and/or such other person(s) as they may wish to appoint. As a result, Mr. ZENG is also deemed to be interested in all the 544,770,000 Shares of the Company.

(3) Ms. JIANG Peizhen is the protector of both the Employees Trust and the Senior Management Trust. For so long as Jin Chen Employee Holdings Limited hold or control shares in the Company, all voting rights attaching to such shares shall be exercised by an investment review panel consisting of Mr. ZENG Yong and Ms. JIANG Peizhen and/or such other person(s) as they may wish to appoint. As a result, Ms. JIANG Peizhen is deemed to be interested in 96,253,200 Shares of the Company.

(4) The Senior Management Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of certain senior management employed or formerly employed by Golden Throat Company and their dependents including Mr. HUANG Jianping, with Jin Chen Employee Holdings Limited as the trustee, holds the entire issued share capital of Jin Qing Global.

Mr. HUANG Jianping holds 9/95 of the total assets of the Senior Management Trust. Accordingly, Mr. HUANG Jianping is deemed to be interested in 1,620,000 Shares held by Jin Qing Global.

(5) The Senior Management Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of certain senior management employed or formerly employed by Golden Throat Company and their dependents including Mr. ZENG Kexiong, with Jin Chen Employee Holdings Limited as the trustee, holds the entire issued share capital of Jin Qing Global.

Mr. ZENG Kexiong holds 40/95 of the total assets of the Senior Management Trust. Accordingly, Mr. ZENG Kexiong is deemed to be interested in 7,200,000 Shares held by Jin Qing Global.

(6) The Senior Management Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of certain senior management employed or formerly employed by Golden Throat Company and their dependents including Mr. LU Xinghong, with Jin Chen Employee Holdings Limited as the trustee, holds the entire issued share capital of Jin Qing Global.

Mr. LU Xinghong holds 37/95 of the total assets of the Senior Management Trust. Accordingly, Mr. LU Xinghong is deemed to be interested in 6,660,000 Shares held by Jin Qing Global.

(7) The Senior Management Trust, an irrevocable discretionary trust established by Mr. ZENG Yong (as the settlor) for the benefit of certain senior management employed or formerly employed by Golden Throat Company and their dependents including Mr. HE Jinqiang, with Jin Chen Employee Holdings Limited as the trustee, holds the entire issued share capital of Jin Qing Global.

Mr. HE Jinqiang holds 9/95 of the total assets of the Senior Management Trust. Accordingly, Mr. HE Jinqiang is deeded to be interested in 1,620,000 Shares held by Jin Qing Global.

Interests of the Substantial Shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this prospectus, the Directors or the General Manager of the Company are not aware of any other person, not being a Director or the General Manager of the Company, who has an interest or short position in the Shares or the underlying shares which, once the Shares are listed, would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

Please refer to the section headed "Substantial Shareholders" in this prospectus for details of the interest and/or short positions of the substantial Shareholders in the Shares or the underlying shares of the Company.

(b) Directors' Service Contracts

None of the Directors has or is proposed to enter into a service contract with any member of the Group other than contracts expiring or determinable by the employer within one year without the payment of compensation other than the statutory compensation.

2. Interest in Material Contract or Arrangement

Save as disclosed in this prospectus, there is no contract or arrangement subsisting at the date of this prospectus in which a Director is materially interested and which is significant in relation to the business of the Group.

D. OTHER INFORMATION

1. Estate Duty

The Directors have been advised that no material liability for estate duty is likely to fall on the Company or any of its subsidiaries.

2. Litigation

So far as the Directors are aware, no litigation or claim of material importance is pending or threatened against any member of the Group.

3. Sole Sponsor

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor will receive a sponsor's fee in the amount of US$500,000 for acting as the sponsor of the Listing.

4. Consents of Experts

The following experts have each given and have not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, letters, opinions or summaries of opinions (as the case may be) and the references to their names included herein in the form and context in which they are respectively included.

Name	Qualification
Credit Suisse (Hong Kong) Limited	Licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 7 (providing automated trading services) of the regulated activities under the SFO
Ernst & Young	Certified Public Accountants
Jingtian & Gongcheng	PRC legal adviser
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Euromonitor	Research and analysis services provider

Save as disclosed in this prospectus, none of the experts named above has any shareholding interest in the Company or any of its subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any of its subsidiaries.

5. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

6. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

7. Exemption from the Requirement of a Property Valuation Report

This prospectus is exempt from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in reliance on the exemption under section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). Please refer to the section headed "Business – Properties" in this prospectus for further details of our exemption from the requirement of a property valuation report.

8. Preliminary Expenses

The preliminary expenses incurred and paid by the Company were approximately HK$600,000.

9. Disclaimers

(a) Save as disclosed in this prospectus:

(i) within the two years immediately preceding the date of this prospectus, neither the Company nor any of its subsidiaries has issued or agreed to issue any share or loan capital fully or partly paid up either for cash or for a consideration other than cash;

(ii) no share or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) no commissions, discounts, brokerage or other special terms have been granted in connection with the issue or sale of any shares or loan capital of any member of the Group;

(iv) within the two years immediately preceding the date of this prospectus, no commission has been paid or payable (except commission to sub-underwriters) to any persons for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any shares of the Company or any of its subsidiaries;

(v) no founder, management or deferred shares of the Company or any of its subsidiaries have been issued or agreed to be issued;

(vi) the Company has no outstanding convertible debt securities or debentures; and

(vii) there is no arrangement under which future dividends are waived or agreed to be waived.

(b) The Directors confirm that there has not been any interruption in the business of the Company which may have or have had a material adverse effect on the financial position of the Company in the 12 months immediately preceding the date of this prospectus.

(c) None of the equity and debt securities of the Company, if any, is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms, the written consents referred to in the section headed "Appendix IV – Statutory and General Information – D. Other Information – Consents of Experts" to this prospectus and copies of the material contracts referred to in the section headed "Appendix IV – Statutory and General Information – B. Further Information about Our Business – Summary of Material Contracts" to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Slaughter and May, at 47th Floor, Jardine House, One Connaught Place, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association of the Company;

(b) the auditor's report on the consolidated financial statements of the Group underlying the financial information of the Group incorporated in the Accountants' Report for the years ended 31 December 2012, 2013 and 2014;

(c) the Accountants' Report for the years ended 31 December 2012, 2013 and 2014 prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(d) the report on the unaudited pro forma financial information prepared by Ernst & Young, the text of which is set out in Appendix II to this prospectus;

(e) the letter prepared by Conyers Dill & Pearman, our Cayman legal adviser, summarising certain aspects of Cayman Companies Law as referred to in Appendix III to this prospectus;

(f) the material contracts referred to in the section headed "Appendix IV – Statutory and General Information – B. Further Information about Our Business – Summary of Material Contracts" to this prospectus;

(g) the written consents referred to in the section headed "Appendix IV – Statutory and General Information – D. Other Information – Consents of Experts" to this prospectus;

(h) the PRC legal opinions dated 30 June 2015 issued by Jingtian & Gongcheng, our PRC legal adviser, in respect of certain aspects of the Group and our property interests; and

(i) the Euromonitor Report.

金嗓子控股集團有限公司
GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED