Zhongzhi Pharmaceutical Holdings Limited
中 智 藥 業 控 股 有 限 公 司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 3737)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2015

	For the year ended 31 December		
	2015	2014	Year-on-Year*
	RMB'000	*RMB'000*	Change
Revenue	**688,036**	595,565	+15.5%
Gross Profit	**375,078**	320,275	+17.1%
Gross margin of the Group (%)	**54.5%**	53.8%	
Profit attributable to equity holders of the Company	**80,539**	86,688	–7.1%
Earnings per share			
Basic and diluted	**RMB11.61 cents**	RMB14.45 cents	–19.7%
Proposed final dividend per share	**HK3.5 cents**	—	N/A

* *Year-on-Year change represents a comparison between the current reporting period and the corresponding period last year.*

ANNUAL RESULTS

The board (the "Board") of directors ("Directors") of Zhongzhi Pharmaceutical Holdings Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2015 (the "Reporting Period"), together with the comparative figures for the year ended 31 December 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
REVENUE	5	**688,036**	595,565
Cost of sales		**(312,958)**	(275,290)
Gross profit		**375,078**	320,275
Other income and gains	5	**11,359**	6,528
Selling and distribution expenses		**(202,869)**	(148,747)
Administrative expenses		**(61,383)**	(50,196)
Other expenses		**(20,266)**	(12,048)
Finance costs	7	**(728)**	(1,002)
PROFIT BEFORE TAX	6	**101,191**	114,810
Income tax expense	8	**(20,652)**	(28,122)
PROFIT FOR THE YEAR		**80,539**	86,688
Attributable to owners of the parent		**80,539**	86,688
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic and diluted			
— For profit for the period		**RMB11.61 cents**	RMB14.45 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015	2014
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**80,539**	86,688
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**19,946**	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**100,485**	86,687
Attributable to owners of the parent	**100,485**	86,687

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	11	**89,133**	79,366
Prepayment for property, plant and equipment		**3,385**	2,100
Prepaid land lease payments	12	**14,366**	14,836
Goodwill		**1,628**	1,628
Other intangible assets	13	**1,808**	1,366
Available-for-sale investments	14	**7,650**	—
Deferred tax assets		**5,756**	4,976
Rental deposits		**3,782**	3,275
Total non-current assets		**127,508**	107,547
CURRENT ASSETS			
Prepaid land lease payment	12	**470**	470
Inventories	15	**99,894**	88,471
Trade and notes receivables	16	**56,446**	35,489
Prepayments, deposits and other receivables		**12,573**	7,943
Cash and bank balances		**426,637**	58,004
Total current assets		**596,020**	190,377
CURRENT LIABILITIES			
Trade payables	17	**53,576**	52,802
Other payables and accruals		**66,847**	60,805
Amounts due to related parties		**8,786**	8,786
Interest-bearing bank borrowings	18	**—**	15,000
Deferred income		**5,734**	6,019
Tax payable		**10,167**	20,219
Total current liabilities		**145,110**	163,631
NET CURRENT ASSETS		**450,910**	26,746
TOTAL ASSETS LESS CURRENT LIABILITIES		**578,418**	134,293

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT LIABILITIES			
Deferred income		**13,720**	9,047
Deferred tax liabilities		**2,010**	4,349
Total non-current liabilities		**15,730**	13,396
Net assets		**562,688**	120,897
Equity			
Equity attributable to owners of the parent			
Issued capital		**6,309**	—
Reserves		**556,379**	120,897
Total equity		**562,688**	120,897

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

Zhongzhi Pharmaceutical Holdings Limited (the "Company") was incorporated in the Cayman Islands on 12 September 2014 as an exempted company with limited liability under the Companies Law (2013 Revision) of the Cayman Islands. The address of the registered office of the Company is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman, KY1-1108, Cayman Islands. The Company became the holding company of the Group as a result of the reorganisation as described in the paragraph headed "History and Corporate Structure — Reorganisation" to the Prospectus dated 30 June 2015 (the "Reorganisation").

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the manufacture and sale of pharmaceutical products (collectively the "Listing Business") in the People's Republic of China (the "PRC").

In the opinion of the directors, as at the date of this report, the immediate and ultimate holding company of the Company is Crystal Talent Investment Group Limited, a company incorporated in the British Virgin Islands ("BVI").

Prior to the incorporation of the Company and the completion of the Reorganisation, the main operating activities of the Listing Business were carried out by Zhongshan Zhongzhi Pharmaceutical Group Co., Ltd. ("Zhongzhi Pharmaceutical") and its subsidiaries, which were established in the PRC. The Company and its subsidiaries comprising the Group are under the control of Mr. Lai Zhitian (Mr. Lai, the "Controlling Shareholder").

Information about subsidiaries

Particulars of the Company's subsidiaries as at 31 December 2015 are as follows:

Name	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Windom Talent Company Limited ("Windom Talent")	BVI 16 September 2014, BVI	US$1	100%	—	Investment holding
Grant Talent Development Limited ("Grant Talent")	Hong Kong 1 August 2014, Hong Kong	HK$1	—	100%	Investment holding
Zhongzhi Pharmaceutical[a][c]	PRC 27 September 1999, Mainland China	RMB220,000,000	—	100%	Sale of pharmaceutical drugs
Zeus Medicine Hong Kong Limited	Hong Kong 14 April 2011, Hong Kong	HK$10,000	—	100%	Sale of pharmaceutical drugs
Zhongshan Zhongzhi Chain Pharmacies Company Limited. ("Zhongzhi Chain Pharmacies")[d]	PRC 27 July 2001, Mainland China	RMB4,600,000	—	100%	Sale of pharmaceutical drugs
Zhongshan Zhongzhi Chinese Medicine Herb in Pieces Co., Ltd. ("Zhongzhi Herb Pieces")[b][d]	PRC 10 July 2001, Mainland China	RMB6,600,000	—	100 %	Manufacture and sale of Chinese decoction pieces

Name	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Zhongshan Honeson Pharmaceutical Co., Ltd. ("Honeson Pharmaceutical")[(d)]	PRC 2 March 1986, Mainland China	RMB10,000,000	—	100%	Manufacture and sale of pharmaceutical drugs
Zhongshan Zhongzhi Food Technology Company Limited[(d)]	PRC 10 December 2014, Mainland China	RMB500,000	—	100%	Manufacture and sale of food

(a) The increase of capital injection into Zhongzhi Pharmaceutical by the Company amounted to RMB190,000,000 in 2015, and the related capital verification report was issued by Zhongshan Promise Certified Public Accountants ("中山市成諾會計師事務所有限公司").

(b) Prior to the Reorganisation, Zhongzhi Herb Pieces was a wholly-owned subsidiary of Zhongzhi Pharmaceutical. After the Reorganisation, Zhongzhi Herb Pieces was legally owned by certain registered shareholders. Zhongzhi Pharmaceutical entered into a series of contractual arrangements with Zhongzhi Herb Pieces and its registered shareholders. As a result of the contractual arrangements, Zhongzhi Herb Pieces was ultimately controlled by Zhongzhi Pharmaceutical, which is a wholly-owned subsidiary of the Company.

(c) Zhongzhi Pharmaceutical was registered as a wholly-foreign-owned enterprise under PRC law.

(d) These companies were limited liability companies incorporated in the PRC.

2. BASIS OF PREPARATION

Pursuant to the Reorganisation, the subsidiaries now comprising the Group were under the common control of the controlling shareholders before and after the Reorganisation. Accordingly, these financial statements have been prepared by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the financial periods presented.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations), issued by the International Accounting Standards Board ("IASB") and disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared on a historical cost convention, except for available-for-sale investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") which is the Company's functional currency, and all values are rounded to the nearest thousand except otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. 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 financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Annual Improvements to IFRSs 2010–2012 Cycle
Annual Improvements to IFRSs 2011–2013 Cycle

The nature and the impact of each amendment is described below:

(a) The Annual Improvements to *IFRSs 2010–2012 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- IAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

(b) The Annual Improvements to *IFRSs 2011–2013 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendment that is effective for the current year are as follows:

- IFRS 3 *Business Combinations*: Clarifies that joint arrangements but not joint ventures are outside the scope of IFRS 3 and the scope exception applies only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- IFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 or IAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which IFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in IFRS 13.

- IAS 40 *Investment Property*: Clarifies that IFRS 3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as there was no acquisition of investment properties by the Group.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

4. OPERATING SEGMENT INFORMATION

The board of directors is the Group's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the board of directors for the purposes of allocating resources and assessing performance.

For management purposes, the Group is organised into business units based on its sales channels and has two reportable operating segments as follows:

(a) Operation of chain pharmacies

(b) Pharmaceutical manufacturing

Separate individual financial information for different types of channels is presented to the board of directors who reviews the internal reports in order to assess performance and allocate resources.

Segment results are evaluated based on gross profit. No analysis of the Group's assets and liabilities by operating segments is disclosed as it is not regularly provided to the board of directors.

Geographical information

During the reporting period, the Group operates within one geographical segment because 100% of its revenue was generated in the PRC and all of its non-current assets were located in the PRC. Accordingly, no geographical segment information is presented.

Information about major customers

During each of the years ended 31 December 2015 and 2014, no revenue from transactions with a single customer amounted to 10% or more of the Group's sales.

	Year ended 31 December 2015		
	Operation of chain pharmacies *RMB'000*	**Pharmaceutical manufacturing** *RMB'000*	**Total** *RMB'000*
Segment revenue:			
Revenue from external customers	**358,831**	**329,205**	**688,036**
Intersegment sales	**—**	**37,716**	**37,716**
Elimination of intersegment sales	**—**	**(37,716)**	**(37,716)**
	358,831	**329,205**	**688,036**
Cost of sales	**(193,504)**	**(119,454)**	**(312,958)**
Segment results	**165,327**	**209,751**	**375,078**
Reconciliation:			
Other income and gains			**11,359**
Selling and distribution expenses			**(202,869)**
Administrative expenses			**(61,383)**
Other expenses			**(20,266)**
Finance costs			**(728)**
Profit before tax			**101,191**

	Year ended 31 December 2014		
	Operation of chain pharmacies	Pharmaceutical manufacturing	Total
	RMB'000	*RMB'000*	*RMB'000*
Segment revenue:			
Revenue from external customers	300,725	294,840	595,565
Intersegment sales	—	42,767	42,767
Elimination of intersegment sales	—	(42,767)	(42,767)
	300,725	294,840	595,565
Cost of sales	(153,362)	(121,928)	(275,290)
Segment results	147,363	172,912	320,275
Reconciliation:			
Other income and gains			6,528
Selling and distribution expenses			(148,747)
Administrative expenses			(50,196)
Other expenses			(12,048)
Finance costs			(1,002)
Profit before tax			114,810

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the reporting period.

An analysis of revenue, other income and gains is as follows:

	2015	2014
	RMB'000	*RMB'000*
Revenue		
Sale of pharmaceutical products	**688,036**	595,565
Other income		
Interest income	**570**	366
Interest income from available-for-sale investments	**1,385**	532
	1,955	898
Gains		
Government grants:		
— Related to assets	**153**	193
— Related to income	**8,160**	3,902
Gain on disposal of items of property, plant and equipment	**9**	67
Others	**1,082**	1,468
	9,404	5,630
	11,359	6,528

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2015 RMB'000	2014 RMB'000
Cost of inventories sold		**312,958**	275,290
Depreciation of items of property, plant, and equipment	*11*	**16,049**	12,028
Recognition of prepaid land lease payments*	*12*	**470**	470
Recognition of other intangible assets**	*13*	**242**	224
Reversal of provision for impairment of trade receivables	*16*	**(17)**	(7)
Operating lease expenses for land and buildings		**23,175**	18,649
Auditors' remuneration		**2,791**	1,023
Listing expenses		**14,337**	4,299
Employee benefit expenses (including directors' remuneration):			
Salaries and wages		**130,896**	106,622
Pension scheme contributions		**7,851**	7,860
Staff welfare expenses		**11,835**	6,678
		150,582	121,160
Other expenses:			
Research and development costs		**18,784**	11,184
Loss on disposal of items of property, plant and equipment		**194**	137
Loss on disposal of intangible assets		**—**	216
Others		**1,288**	511
		20,266	12,048

* The recognition of prepaid land lease payments for the reporting period is included in "Administrative expenses" on the face of the consolidated statement of profit or loss.

** The amortisation of drug formulation for the reporting period is included in "Cost of sales" on the face of the consolidated statement of profit or loss.

The amortisation of software for the reporting period is included in "Administrative expenses" on the face of the consolidated statement of profit or loss.

7. FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest on bank borrowings	**728**	1,002

8. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

Hong Kong profit tax rate is 16.5% of the Group's assembled profit derived from Hong Kong. Since the Group had no such profit during the reporting period, no provision for Hong Kong profits tax has been made.

Taxes on profits assessable in Mainland China have been calculated at the prevailing tax rates, based on existing legislation, interpretations and practices in respect thereof. Pursuant to the PRC Corporate Income Tax Law (the "PRC Tax Law") effective on 1 January 2008, the PRC corporate income tax rate of the Group's subsidiaries operating in Mainland China during the reporting period was 25% of their taxable profits.

Honeson Pharmaceutical is qualified as high and new technology enterprise and is subject to a preferential income tax rate of 15% for the reporting period. Zhongzhi Herb Pieces was qualified as high and new technology enterprises and was subject to a preferential income tax rate of 15% in 2014.

The income tax expenses of the Group for the reporting period are analysed as follows:

	2015	2014
	RMB'000	*RMB'000*
Mainland China		
Current income tax	**23,771**	24,604
Deferred income tax (credit)/charge	**(3,119)**	3,518
Total income tax expense	**20,652**	28,122

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the majority of the Company's subsidiaries are domiciled to the tax expense at the effective tax rates, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**101,191**	114,810
Tax calculated at the PRC statutory tax rate of 25%	**25,298**	28,703
Effect of different applicable tax rates for certain subsidiaries	**(2,919)**	(4,224)
(Reversal)/effect of withholding tax at 10% on the distributable profits of the Group's subsidiaries in the PRC	**(3,000)**	3,000
Effect on opening deferred tax of increase in rates	**(316)**	—
Expenses not deductible for tax	**1,589**	206
Effect of gain on intra-group transaction	**—**	437
Tax charge at the Group's effective tax rate	**20,652**	28,122

The effective tax rate of the Group was 20.4% in 2015 (2014: 24.5%).

9. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Proposed final dividend – HK3.5 cents (2014: Nil) per ordinary share:	**28,000**	—

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

No dividend has been paid or declared by the Company since the date of its incorporation. The dividends declared by Zhongzhi Pharmaceutical to its then shareholders during the year ended 31 December 2015 was RMB30,000,000 (2014: RMB96,000,000).

10. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share for the year is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 693,698,630 (2014: 600,000,000) in issue during the year.

The number of ordinary shares for the purpose of calculating basic earnings per share has been retrospectively adjusted for the capitalisation issue as if the shares had been in issue throughout the year presented.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2015 and 2014.

The calculations of basic and diluted earnings per share are based on:

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**80,539**	86,688

	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**693,698,630**	600,000,000

11. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement *RMB'000*	Buildings *RMB'000*	Machinery *RMB'000*	Motor vehicles *RMB'000*	Office equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2015							
At 1 January 2015:							
Cost	46,715	57,290	29,319	4,253	8,764	10,755	157,096
Accumulated depreciation	(28,074)	(26,554)	(15,144)	(3,102)	(4,856)	—	(77,730)
Net carrying amount	18,641	30,736	14,175	1,151	3,908	10,755	79,366
At 1 January 2015, net of accumulated depreciation	18,641	30,736	14,175	1,151	3,908	10,755	79,366
Additions	10,691	—	4,524	81	5,974	5,130	26,400
Disposals	—	—	(519)	(3)	(62)	—	(584)
Depreciation provided during the year *(note 6)*	(8,572)	(2,788)	(2,160)	(299)	(2,230)	—	(16,049)
Transfers	5,255	—	5,500	—	—	(10,755)	—
At 31 December 2015, net of accumulated depreciation	26,015	27,948	21,520	930	7,590	5,130	89,133
At 31 December 2015:							
Cost	62,661	57,290	38,612	4,267	14,424	5,130	182,384
Accumulated depreciation	(36,646)	(29,342)	(17,092)	(3,337)	(6,834)	—	(93,251)
Net carrying amount	26,015	27,948	21,520	930	7,590	5,130	89,133

	Leasehold improvement *RMB'000*	Buildings *RMB'000*	Machinery *RMB'000*	Motor vehicles *RMB'000*	Office equipment *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
31 December 2014							
At 1 January 2014:							
Cost	42,459	57,290	29,396	4,274	6,548	—	139,967
Accumulated depreciation	(22,290)	(23,760)	(14,793)	(3,574)	(4,144)	—	(68,561)
Net carrying amount	20,169	33,530	14,603	700	2,404	—	71,406
At 1 January 2014, net of accumulated depreciation	20,169	33,530	14,603	700	2,404	—	71,406
Additions	4,256	—	2,092	675	2,558	10,755	20,336
Disposals	—	—	(293)	(35)	(20)	—	(348)
Depreciation provided during the year *(note 6)*	(5,784)	(2,794)	(2,227)	(189)	(1,034)	—	(12,028)
Transfers	—	—	—	—	—	—	—
At 31 December 2014, net of accumulated depreciation	18,641	30,736	14,175	1,151	3,908	10,755	79,366
At 31 December 2014:							
Cost	46,715	57,290	29,319	4,253	8,764	10,755	157,096
Accumulated depreciation	(28,074)	(26,554)	(15,144)	(3,102)	(4,856)	—	(77,730)
Net carrying amount	18,641	30,736	14,175	1,151	3,908	10,755	79,366

The Group's land and buildings, included above at cost, were valued at RMB94,800,000 as at 31 May 2015 in the prospectus issued on 30 June 2015 in connection with the listing of the Company's shares on 13 July 2015. Had the Group's buildings been included in these financial statements at such valuation amount throughout the year ended 31 December 2015, an additional depreciation charge of RMB2,871,000 would have been recognised in the consolidated statement of profit or loss for the year ended 31 December 2015.

As at 31 December 2015, certain of the Group's buildings with a net carrying amount of RMB23,185,000 (2014: RMB25,467,000) were pledged to secure general banking facilities granted to the Group (note 18).

As at 31 December 2015, the Group was still in the process of obtaining the property ownership certificates for certain buildings with a net carrying amount of RMB640,000 (2014: RMB712,000). The Group is not able to assign, transfer or mortgage the properties until the certificates are obtained.

12. PREPAID LAND LEASE PAYMENTS

	2015 *RMB'000*	2014 *RMB'000*
Carrying amount at 1 January	**15,306**	15,776
Recognised during the year *(note 6)*	**(470)**	(470)
Carrying amount at 31 December	**14,836**	15,306
Current portion	**(470)**	(470)
Non-current portion	**14,366**	14,836

The above leasehold lands are pledged as security for general banking facilities granted to the Group as at 31 December 2015 and 2014 (note 18).

13. OTHER INTANGIBLE ASSETS

	Drug formulation *RMB'000*	Software *RMB'000*	Total *RMB'000*
31 December 2015			
At 1 January 2015			
Cost	—	**2,217**	**2,217**
Accumulated amortisation	—	**(851)**	**(851)**
Net carrying amount	—	**1,366**	**1,366**
At 1 January 2015, net of accumulated amortisation	—	**1,366**	**1,366**
Additions	—	**685**	**685**
Disposals	—	**(1)**	**(1)**
Amortisation provided during the year *(note 6)*	—	**(242)**	**(242)**
At 31 December 2015, net of accumulated amortisation	—	**1,808**	**1,808**
At 31 December 2015			
Cost	—	**2,899**	**2,899**
Accumulated amortisation	—	**(1,091)**	**(1,091)**
Net carrying amount	—	**1,808**	**1,808**

	Drug formulation *RMB'000*	Software *RMB'000*	Total *RMB'000*
31 December 2014			
At 1 January 2014			
Cost	1,741	2,125	3,866
Accumulated amortisation	(1,544)	(749)	(2,293)
Net carrying amount	197	1,376	1,573
At 1 January 2014, net of accumulated amortisation	197	1,376	1,573
Additions	—	233	233
Disposals	(182)	(34)	(216)
Amortisation provided during the year *(note 6)*	(15)	(209)	(224)
At 31 December 2014, net of accumulated amortisation	—	1,366	1,366
At 31 December 2014			
Cost	—	2,217	2,217
Accumulated amortisation	—	(851)	(851)
Net carrying amount	—	1,366	1,366

14. AVAILABLE-FOR-SALE INVESTMENTS

	2015 ***RMB'000***	2014 *RMB'000*
Non-current		
Unlisted investment, at cost	**7,650**	—

As at 31 December 2015, the fair value of unlisted investment cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for the investment, and (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value. The investment was stated at cost less any impairment losses. The Group does not intend to dispose of it in the near future.

15. INVENTORIES

	2015 ***RMB'000***	2014 *RMB'000*
Raw materials	**19,060**	22,146
Work in progress	**10,049**	7,983
Finished goods	**70,785**	58,342
	99,894	88,471

16. TRADE AND NOTES RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**38,920**	25,381
Notes receivable	**17,526**	10,125
	56,446	35,506
Less: Impairment of trade receivables	**—**	(17)
	56,446	35,489

The Group's trading terms with its wholesale customers are mainly on credit. The credit period is generally not more than two months for major customers. As to new customers, payment in advance is normally required. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to customers with good track records, 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 the reporting periods, based on the invoice date, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 1 month	**29,652**	20,889
1 to 3 months	**4,726**	3,974
3 to 6 months	**1,046**	274
6 to 12 months	**3,112**	60
Over 12 months	**384**	184
	38,920	25,381

The notes receivable are settled within 180 days. No notes receivable were discounted as at 31 December 2015 and 2014, respectively. As at 31 December 2015, the Group has endorsed notes receivable of RMB11,427,000 (2014: RMB8,112,000) to settle trade payables.

The movements in provision for impairment of trade receivables are as follows:

	2015	2014
	RMB'000	*RMB'000*
At 1 January	**(17)**	(24)
Impairment losses reversed *(note 6)*	**17**	7
At 31 December	**—**	(17)

Included in the above provision for impairment of trade receivables as at 31 December 2015 was a provision for individually impaired trade receivables of nil (2014: RMB17,000), with a gross carrying amount before provision of nil (2014: RMB17,000).

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**33,276**	21,822
Less than 3 month past due	**3,423**	3,259
Over 3 months past due	**2,221**	283
	38,920	25,364

Trade 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.

17. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 3 months	**39,148**	43,740
3 to 6 months	**10,578**	5,539
6 to 12 months	**1,403**	2,137
over 12 months	**2,447**	1,386
	53,576	52,802

The trade payables are non-interest-bearing and are normally settled on terms not exceeding 60 days.

18. INTEREST-BEARING BANK BORROWINGS

2015

	Effective interest rate ***(%)***	**Maturity**	***RMB'000***
Current			
Bank loans — secured	—	—	—

2014

	Effective interest rate *(%)*	Maturity	*RMB'000*
Current			
Bank loans — secured	6.00–6.90	2015	15,000

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Analysed into:		
Bank loans and overdrafts repayable:		
Within one year or on demand	—	15,000

All of the Group's bank loans are secured by:

(i) Mortgages over the Group's buildings, which had an aggregate carrying value of approximately RMB23,185,000 as at 31 December 2015 (2014: RMB25,467,000), were pledged to secure general banking facilities granted to the Group.

(ii) Mortgages over the prepaid land lease payments, which had an aggregate carrying value of approximately RMB14,836,000 as at 31 December 2015 (2014: RMB15,306,000), were pledged to secure general banking facilities granted to the Group.

In addition, Zhongzhi Pharmaceutical has guaranteed Honeson Pharmaceutical's banking facilities of up to RMB30,000,000, which had not been used as at 31 December 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

During the Reporting Period, the Group continued to engage principally in pharmaceutical manufacturing in the PRC and the operation of chain pharmacies in Zhongshan in the Guangdong Province, the PRC. Revenue of the Group rose by approximately 15.5% to a record high of approximately RMB688.0 million.

However, profit decreased by approximately 7.1% to RMB80.5 million due to (i) the recognition of listing expenses in the second half of 2015; and (ii) the increase in selling and distribution expenses incurred in the latter half of 2015 due to the increase in advertising expenses for promoting the Company's products and brand name. To maintain the strong growth momentum of modern decoction pieces, the Company had engaged a professional marketing consultancy firm to devise a sales and marketing plan for its modern decoction pieces. As part of the plan, the Company placed more advertisements through television, newspapers, medical journals and sign boards.

FINANCIAL ANALYSIS

Revenue

The Group's operations can be divided into two segments in the PRC pharmaceutical industry, namely (i) pharmaceutical manufacturing; and (ii) operation of chain pharmacies in Zhongshan. Below is an analysis of revenue by segment.

	Revenue for the year ended 31 December			**% of total revenue for the year ended 31 December**		
	2015	2014	Change	**2015**	2014	Change
	RMB'000	*RMB'000*	*(%)*	***(%)***	*(%)*	*(%)*
Pharmaceutical manufacturing	**329,205**	294,840	+11.7	**47.8**	49.5	–1.7
Operation of chain pharmacies	**358,831**	300,725	+19.3	**52.2**	50.5	+1.7
	688,036	595,565	+15.5	**100.0**	100.0	

Pharmaceutical Manufacturing

The Group is engaged in the research and development, manufacturing and sale of (i) Chinese patent medicines; and (ii) decoction pieces (consisting of traditional decoction pieces and modern decoction pieces) under the Group's brands in the PRC. The Group's brand include "Zeus (中智)", "Liumian (六棉牌)" and "Caojinghua (草晶華)".

Revenue derived from pharmaceutical manufacturing increased by approximately 11.7% to RMB329.2 million for the year ended 31 December 2015 (2014: RMB294.8 million) and accounted for 47.8% of the total revenue during the year (2014: 49.5%), attributable to the growth in sales as a result of the Group's effort to expand the distribution and marketing network, with a view to further increase the Group's market share and deepen market penetration.

Operation of chain pharmacies

The Group has been operating chain pharmacies in Zhongshan under the brand "Zeus (中智)" for the sale of pharmaceutical products since 2001. As at 31 December 2015, the Group has 220 self-operated chain pharmacies in Zhongshan (31 December 2014: 198).

Segment revenue of the operation of chain pharmacies increased by approximately 19.3% to approximately RMB358.8 million for the year ended 31 December 2015 (2014: RMB300.7 million) and accounted for 52.2% of the total revenue during the year (2014: 50.5%). The increase in segment revenue was a result of the organic growth of the Group's chain pharmacies, driven by the increase in the overall market demand on pharmaceutical and healthcare products.

Gross Profit and Gross Profit Margin

Gross profit of the Group for the year was RMB375.1 million, representing an increase of RMB54.8 million or 17.1% as compared with RMB320.3 million for the year ended 31 December 2014. The analysis of gross profit by segment is as below:

	Gross profit for the year ended 31 December			**Gross profit margin for the year ended 31 December**		
	2015	2014	Change	**2015**	2014	Change
	RMB'000	*RMB'000*	*(%)*	***(%)***	*(%)*	*(%)*
Pharmaceutical manufacturing	**209,751**	172,912	+21.3	**63.7**	58.6	+5.1
Operation of chain pharmacies	**165,327**	147,363	+12.2	**46.1**	49.0	–2.9
	375,078	320,275	+17.1	**54.5**	53.8	+0.7

Other Income and Gains

Other income and gains mainly comprise of bank interest income and government grants. For the year ended 31 December 2015, other income and gains of the Group were approximately RMB11.4 million (2014: RMB6.5 million), representing an increase of approximately RMB4.9 million as compared to last year which was mainly attributable to the increase in the recognition of government grants.

Selling and Distribution Expenses

Selling and distribution expenses mainly represent staff costs, advertisement and promotional costs and rental expenses of the Group's chain pharmacies. For the year ended 31 December 2015, selling and distribution expenses amounted to approximately RMB202.9 million (2014: RMB148.7 million), representing an increase of approximately 36.4% as compared to last year. Selling and distribution expense ratio increased to approximately 29.5% (2014: 25.0%) against revenue for the year ended 31 December 2015, which was mainly due to the increase in advertising expenses for promoting the Company's products and brand name.

Administrative Expenses

Administrative expenses mainly represent salaries and benefits of the administrative and management staff as well as legal and professional fees. For the year ended 31 December 2015, administrative expenses amounted to approximately RMB61.4 million (2014: RMB50.2 million), representing an increase of approximately 22.3% as compared to last year. The increase was mainly due to the increase of the listing expenses of approximately RMB10.0 million as a result of the listing of the Group in July 2015 and increase in salaries by RMB3.0 million in order to retain high quality talents to ensure smooth operation and cater for the Group's expansion plan.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets

The Group had net current assets of approximately RMB450.9 million as at 31 December 2015 (2014: RMB26.7 million). As a result of the successful listing of the Company's shares, the Group's cash and cash equivalents increased from RMB58.0 million as at 31 December 2014 to RMB426.6 million (of which RMB279.5 million and RMB147.1 million are denominated in RMB and HK$ respectively) as at 31 December 2015. The current ratio of the Group increased from approximately 1.2 as at 31 December 2014 to 4.1 as at 31 December 2015.

Borrowing and the Pledge of Assets

The bank borrowings of the Group, which were secured by the Group's properties, plant and equipment and land use rights amounted to RMB15.0 million as at 31 December 2014 and were due within one year. The bank borrowings were fully repaid during the Reporting Period and the Group had no outstanding borrowings as at 31 December 2015. All of the Group's bank borrowings were denominated in RMB with fixed interest rates.

As at 31 December 2015, the Group has available unutilized banking facilities of RMB30.0 million (2014: RMB20.0 million). Further details of the Group's bank borrowings are set out in note 18 of the notes to the financial statements.

Gearing Ratio

The Group's gearing ratio, which is calculated by dividing total borrowings by total equity, as at 31 December 2014 was maintained at a low level of 12.4%. The Group had no outstanding borrowings as at 31 December 2015.

Contingent Liabilities

The Group did not have any contingent liabilities as at 31 December 2015 (2014: nil).

Foreign Exchange Exposure and Exchange Rate Risk

The Group's transactions are mainly denominated in RMB. Certain of the Group's cash and bank deposits are denominated in Hong Kong dollars. In addition, the Company will pay dividend in Hong Kong dollars in the future. Any significant exchange rate fluctuations of Hong Kong dollars against RMB may have financial impacts on the Group. The Group did not use any forward contracts, currency borrowings or other means to hedge its foreign currency exposure for the year of 2015. Nevertheless, the Group will from time to time review and adjust the Group's hedging and financing strategies based on the RMB and Hong Kong dollars exchange rate movement.

EMPLOYEES AND EMOLUMENTS POLICY

The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, commission, bonuses and the Group's contribution to mandatory provident funds or state-managed retirement benefits scheme. Other benefits include share options to be granted under the Share Option Schemes and shares to be granted under the Share Award Plan.

As at 31 December 2015, the Group had 2,237 employees (2014: 2,097) with a total remuneration of RMB150.6 million during the Reporting Period (2014: RMB121.2 million) (including pension scheme contributions and staff welfare expenses). The salaries of the employees are determined with reference to individual performance, work experience, qualification and current industry practices.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group did not have any material acquisitions, disposals and significant investments.

USE OF PROCEEDS

The Group's business objectives and planned use of proceeds as stated in the prospectus dated 30 June 2015 (the "Prospectus") were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus. The actual use of proceeds was based on the actual market development. The net proceeds from the public offer and placing of the Company's shares (the "Shares") (the "Global Offering") were approximately HK$452.9 million. During the period from 13 July 2015, being the date the Shares were listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), to the date of this report, the net proceeds from the Global Offering had been applied as follows:

Business objectives as stated in the Prospectus	**Actual net proceeds**	**Amount utilized up to 31 December 2015**	**Balance as at 31 December 2015**
	HK$'000	*HK$'000*	*HK$'000*
Expansion of pharmaceutical chain in the Guangdong province	135,870	(15,428)	120,442
Expansion of distribution network	90,580	(51,348)	39,232
Providing funding for research and development activities	90,580	(5,921)	84,659
Expansion of production capacity	90,580	(2,790)	87,790
General working capital purposes	45,290	(45,290)	—
	452,900	(120,777)	332,123

The unused net proceeds have been placed as interest bearing deposits with licensed banks in Hong Kong and PRC in accordance with the intention of the Board as disclosed in the Prospectus.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from strengthening the Group's current business and the future plans as disclosed in the Prospectus, the Group will devote its best effort and resources to cope with the increasing market demand in the Group's own-branded products, in order to enhance shareholder's value.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules during the Reporting Period except CG Code provision A.2.1.

Pursuant to CG Code provision A.2.1, the role(s) of a chairman and chief executive should be separate and should not be performed by the same individual. Mr. Lai Zhi Tian ("Mr. Lai") is the Chairman and the general manager of the Group. In view of Mr. Lai is the founder of the Group and has been operating and managing the Group since 1999, the Board believes that it is in the best interest of the Group to have Mr. Lai taking up both roles for effective management and business development. Therefore the Directors consider that the deviation from the CG Code provision A.2.1 is appropriate in such circumstances.

As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

AUDIT COMMITTEE

The Audit Committee was established on 8 June 2015 with terms of reference in compliance with the CG Code for the purpose of making recommendations to the Board on the appointment and removal of the external auditor, to review the financial statements and related materials and provide advice in respect of the financial reporting process, and to oversee the risk management and internal control systems of the Group. The Audit Committee comprises three members, all being Independent Non-Executive Directors, namely, Mr. Ng Kwun Wan (Chairman), Mr. Wong Kam Wah and Mr. Zhou Dai Han. The Group's accounting principles and policies, financial statements and related materials for the year had been reviewed by the Audit Committee.

During the year ended 31 December 2015, the Audit Committee has held one meeting for discussion on issues arising from the audit and financial reporting matters.

Full minutes of the Audit Committee meetings are kept by the company secretary. Draft and final versions of the minutes of the Audit Committee meetings are circulated to all members of the Audit Committee for comments and approval and all decisions of the Audit Committee are reported to the Board subject to applicable restriction.

The terms of reference of the Audit Committee are available on the website of the Company and of the Stock Exchange.

The external auditors were invited to attend the Audit Committee meetings held during the year to discuss with the Audit Committee members on issues arising from the audit and financial reporting matters. The Chairman of the Audit Committee provided the Board with a briefing on the significant issues after each Audit Committee meeting. There was no disagreement between the board and the Audit Committee on the selection and appointment of the external auditors.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 8 June 2015 with terms of reference in compliance with the CG Code for the purpose of making recommendations to the Board on the overall remuneration policy and structure relating to the Directors and senior management of the Group, to review and evaluate their performance in order to make recommendations on the remuneration package of each of the Directors and senior management as well as other employee benefit arrangements. The Remuneration Committee comprises a total of five members, being two Executive Directors, namely, Mr. Lai Zhi Tian and Ms. Mou Li, and three Independent Non-Executive Directors, namely, Mr. Ng Kwun Wan, Mr. Wong Kam Wah and Mr. Zhou Dai Han. Accordingly, a majority of the members are Independent Non-Executive Directors.

During the year ended 31 December 2015, the Remuneration Committee has held one meeting. Full minutes of the Remuneration Committee meetings are kept by the company secretary. Draft and final versions of the minutes of the Remuneration Committee meetings are circulated to all members of the Remuneration Committee for comments and approval and all decisions of the Remuneration Committee are reported to the Board subject to applicable restriction.

The terms of reference of the Remuneration Committee are available on the website of the Company and of the Stock Exchange.

NOMINATION COMMITTEE

The Board would follow a set of formal, considered and transparent procedures for the appointment of new directors to the Board. The appointment of a new director has been a collective decision of the Board, taking into consideration the candidate’s qualification, expertise, experience, integrity and commitment to his/her responsibilities within the Group. In addition, all candidates to be selected and appointed as a director must be able to meet the standards set out in Rules 3.08 and 3.09 of the Listing Rules.

The Nomination Committee was established on 8 June 2015 with terms of reference in compliance with the CG Code for the purpose of making recommendations to the Board on the appointment of Directors and the management of the Board succession. The Nomination Committee comprises a total of five members, being two Executive Directors, namely, Mr. Lai Zhi Tian and Ms. Mou Li, and three Independent Non-Executive Directors, namely, Mr. Ng Kwun Wan, Mr. Wong Kam Wah and Mr. Zhou Dai Han. Accordingly, a majority of the members are Independent Non-Executive Directors.

During the year ended 31 December 2015, the Nomination Committee has held one meeting. Full minutes of the Nomination Committee meetings are kept by the company secretary. Draft and final versions of the minutes of the Nomination Committee meetings are circulated to all members of the Nomination Committee for comments and approval and all decisions of the Nomination Committee are reported to the Board subject to applicable restriction.

The terms of reference of the Nomination Committee are available on the website of the Company and of the Stock Exchange.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors of the Company have confirmed that, following specific enquiry by the Company, they have compiled with the required standard set out in the Model Code during the year ended 31 December 2015.

FINAL DIVIDEND

The Board of Directors recommends the payment of a final dividend of HK3.5 cents per Share for the year ended 31 December 2015 to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 16 May 2015, subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company to be held on 6 May 2016 (the "AGM"). The final dividend will be payable on or around 6 June 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 3 May 2016 to 6 May 2016, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for attending the forthcoming AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 29 April 2016.

To determine the entitlement of the proposed final dividend, the register of members of the Company will be closed from 12 May 2016 to 16 May 2016, both days inclusive, during which period no transfers of shares shall be effected. In order to eligible for receiving the final dividend, all completed transfers forms accomplished by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 11 May 2016.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement will be published on the websites of Stock Exchange (www.hkex.com.hk) and the Company (http://www.zeus.cn). The annual report of the Company for the year ended 31 December 2015 will be dispatched to shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Lai Zhi Tian
Chairman & Executive Director

Hong Kong, 21 March 2016

As at the date of this announcement, our executive Directors are Mr.Lai Zhi Tian, Mr. Cao Xiao Jun, Ms. Jiang Li Xia and Ms. Mou Li; and our independent non-executive Directors are Mr. Ng Kwun Wan, Mr. Wong Kam Wah and Mr. Zhou Dai Han.