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

ANNUAL REPORT 2015


广西金嗓子集团创始人——江佩珍
Golden
金嗓子喉寶®
(无蔗糖) 都乐含片
GOLDEN THROAT CANDY
OTC
金嗓子喉片
Golden
Golden Throat
Lozenge
6片x2板

CONTENTS

COMPANY PROFILE

Golden Throat Holdings Group Company Limited (the "Company", together with its subsidiaries, the "Group"), is a leading manufacturer of lozenges in China. In November 2015, the Group's flagship product, Golden Throat Lozenges (OTC) was awarded No. 1 amongst Chinese traditional medicines (Throat) in the year 2015 by CNMA. The Group's history dates back to 1956 when Liuzhou No. 2 Sweet Factory (柳州市糖果二廠), the predecessor of Guangxi Golden Throat Co., Ltd. (an indirect wholly owned subsidiary of the Company), was established. Since then, the Group has developed into a comprehensive modern group mainly engaging in the manufacture and sale of lozenges and other pharmaceutical and food products.

The Company was incorporated in the Cayman Islands on 2 September 2014 as an exempted company with limited liability. The Company's Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 15 July 2015.

CORPORATE INFORMATION

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Ms. JIANG Peizhen

EXECUTIVE DIRECTORS

Mr. ZENG Yong
Mr. HUANG Jianping
Mr. ZENG Kexiong
Mr. LU Xinghong
Mr. HE Jinqiang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LI Hua
Mr. ZHU Jierong
Mr. CHENG Yiqun

AUDIT COMMITTEE

Mr. ZHU Jierong *(Chairman)*
Mr. LI Hua
Mr. CHENG Yiqun

REMUNERATION COMMITTEE

Mr. LI Hua *(Chairman)*
Mr. CHENG Yiqun
Mr. HE Jinqiang

NOMINATION COMMITTEE

Ms. JIANG Peizhen *(Chairman)*
Mr. ZHU Jierong
Mr. CHENG Yiqun

COMPANY SECRETARY

Ms. NG Wingshan

AUTHORISED REPRESENTATIVES

Mr. HE Jinqiang
Ms. NG Wingshan

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

STOCK CODE

06896

CORPORATE INFORMATION (CONTINUED)

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

COMPLIANCE ADVISER

Somerley Capital Limited
20/F, China Building
29 Queen's Road Central
Central
Hong Kong

LEGAL ADVISER

Slaughter and May
47th Floor, Jardine House
One Connaught Place
Central, Hong Kong

AUDITORS

Ernst & Young
Certified Public Accountants
22/F, CITIC Tower, 1 Tim Mei Avenue
Central, Hong Kong

PRINCIPAL BANK

Agricultural Bank of China Limited
Liuzhou Lixin Sub-branch
No. 33, Lixin Road
Liuzhou
Guangxi Zhuang Autonomous Region
China

FINANCIAL HIGHLIGHTS

- Revenue increased by RMB100.1 million or 16.5% to RMB706.9 million, as compared to the year ended 31 December 2014.

- Gross profit increased by RMB92.2 million or 21.4% to RMB522.1 million, as compared to the year ended 31 December 2014, and gross profit margin reached 73.9%.

- Earnings before interest, taxes, depreciation and amortisation increased by RMB39.0 million or 21.7% to RMB218.5 million, as compared to the year ended 31 December 2014.

- Profit attributable to shareholders increased by RMB32.7 million or 26.8% to RMB154.6 million, as compared to the year ended 31 December 2014.

- The Board recommends the payment of a final dividend of HK$0.06 per share for the year ended 31 December 2015 to the shareholders of the Company. The final dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting and, if approved, will be payable on or before 30 June 2016.

CHAIRMAN'S STATEMENT

Dear Shareholders,

I would like to take this opportunity to report the Group's performance for the year ended 31 December 2015, and at the same time provide a brief outlook for the Group's operations in 2016.

The Group is a leading manufacturer of lozenges in China. In November 2015, the Group's flagship product, Golden Throat Lozenges (OTC) was awarded No. 1 amongst Chinese traditional medicines (Throat) in the year 2015 by CNMA.

The Group's products have been widely sold throughout China covering all provinces, cities and autonomous regions and exported to the United States, Canada, the European Union, Australia, Southeast Asia and Middle East. In 2015, Golden Throat achieved an operating income of RMB707 million, representing a year-on-year increase of 16.5%; gross profit of RMB522 million, representing a year-on-year increase of 21.4%; and profit attributable to shareholders of RMB155 million, representing a year-on-year increase of 26.8%.

The Group's two production bases have passed China's new GMP accreditation. The Group has commenced construction of its new R&D and production base for pharmaceutical products in December 2015, which is expected to enlarge the Group's manufacturing capacity and resolve bottleneck problems in production.


金嗓子喉寶
(无蔗糖)香橙味含片
Golden
金嗓子喉寶
GOLDEN THROAT LOZENGE
(无蔗糖型)罗汉果含片
净含量:22.8克

CHAIRMAN'S STATEMENT (CONTINUED)

The Group successfully developed five new products in 2015 and had three products under development, amongst which the new product Golden Throat Vegetable Beverages Series Products is expected to be launched in the first half of 2016 on a trial basis to test customers' response.

In 2015, the Group's gross profit margin further increased as a result of enhanced levels of production and quality control, as well as fruitful results from the integration of marketing channels.

2015 was a remarkable year in the history of the development of the Group. On 15 July 2015, the Company completed its IPO on the Main Board of the Stock Exchange, which has provided a good opportunity for the Group to achieve forward-leaping development.

The Group is expected to enter into a stage of rapid development in 2016. By adhering to the concept of healthy living and continuing to pursue the core value of benefiting human beings in general, the Group will continue to optimize the marketing strategies for over-the-counter (OTC) products and increase the market share of Golden Throat Lozenges (OTC). Meanwhile, it will increase its investment in the marketing channels of supermarkets and step up its efforts in advertising and promotional campaigns of Golden Throat Lozenge Series Products, with a view to further expand into the international market. In addition, the Group will seek to expand its market share in the field of reserved medicines through cooperation with other market leaders to realize continuous growth of its main businesses.

Golden Throat Vegetable Beverages Series Products will be launched for sale nationwide in the first half of 2016, striving for significant breakthrough in the beverages market segment.

In 2016, the Group will endeavour to accomplish breakthrough in the fields of pharmaceutical products and fast-moving consumer goods on the back of its IPO in Hong Kong and we are fully confident in the Group's ability for fulfilling this goal.

Last but not least, I, on behalf of Golden Throat Holdings Group Company Limited, would like to express my sincere gratitude to all our shareholders for their care and support.

JIANG Peizhen
Chairman
30 March 2016

DEFINITIONS

Unless otherwise defined, capitalised terms in this report shall have the meanings ascribed to them below:

"AGM"	the forthcoming annual general meeting of the Company to be held on 24 May 2016 at 10:00 a.m. or any adjournment thereof.
"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 became effective upon the Listing, and as amended from time to time.
"Audit Committee"	the audit committee of the Board, established on 13 February 2015.
"Board"	the board of Directors of the Company.
"Board Committees"	the Audit Committee, the Nomination Committee and the Remuneration Committee.
"Cayman Companies Law" or "Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.
"CFDA"	China Food and Drug Administration (國家食品藥品監督管理總局).
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules.
"CNMA"	China Nonprescription Medicines Association (中國非處方藥物協會).
"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.
"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.
"Director(s)"	director(s) of the Company.

DEFINITIONS (CONTINUED)

"ED"	executive Director.
"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.
"Framework Agreement"	a framework agreement on strategic cooperation dated 15 February 2016 entered into between the Company and Jointown.
"GMP"	Good Manufacturing Practice.
"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 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 Lozenges (OTC)"	金嗓子喉片, one of the Group's 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 the Group's key products and approved as food products.
"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.

DEFINITIONS (CONTINUED)

"Golden Throat Vegetable Beverages Series Products"	金嗓子植物飲料系列產品, a series type of the Group's pipeline products and approved as a type of food.
"Group"	the Company and its subsidiaries.
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong.
"INED"	independent non-executive Director.
"IPO Proceeds"	the net proceeds from the listing of the Shares on the Stock Exchange.
"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.
"Jointown"	九州通醫藥集團股份有限公司 (Jointown Pharmaceutical Group Co., Ltd.), a company listed on the Shanghai Stock Exchange (stock code: 600998) and an independent third party of the Group.
"Listing" or "IPO"	the listing of the Shares on the Main Board of the Stock Exchange.
"Listing Date"	15 July 2015, the date on which the Shares were listed on the Stock Exchange and from which dealings in the Shares were permitted to commence on the Stock Exchange.
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange, as amended from time to time.
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.
"NED"	non-executive Director.
"OTC"	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.

DEFINITIONS (CONTINUED)

"Nomination Committee"	the nomination committee of the Board, established on 13 February 2015.
"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" or "China"	the People's Republic of China excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.
"Prospectus"	the prospectus of the Company dated 30 June 2015 in respect of the global offering of its shares.
"Remuneration Committee"	the remuneration committee of the Board, established on 13 February 2015.
"RMB"	Renminbi, the lawful currency of the PRC.
"RTD"	Ready-to-drink.
"R&D"	research and development.
"SC"	Certification of Standard on Food Production (issued by CFDA).
"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.
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.
"Vegetable Beverage"	Golden Throat Vegetable Beverage (金嗓子植物飲料).
"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.

MANAGEMENT DISCUSSION AND ANALYSIS

This management discussion and analysis is prepared as of 30 March 2016. It should be read in conjunction with the audited consolidated financial statements and notes thereto of the Group for the year ended 31 December 2015.

BUSINESS REVIEW

The Group is a leading manufacturer of lozenges in China. In November 2015, the Group's flagship product, Golden Throat Lozenges (OTC) was awarded No. 1 amongst Chinese traditional medicines (Throat) in 2015 by CNMA. The Group'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. Since then, the Group has developed into a comprehensive modern group mainly engaging in the manufacture and sale of lozenges and other pharmaceutical and food products.

Key Products

The Group reports its revenue by three product categories, consisting of Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and other products.

During 2015, the Group's sale of lozenges maintained a strong growth momentum as the Group further deepened its market penetration of its key products. For the year ended 31 December 2015, the Group recorded a strong revenue growth of 16.5% as compared to the corresponding period in 2014.

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

The Group's 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. Golden Throat Lozenges (OTC) was approved as over-the-counter medicine by the CFDA, as such they can be purchased by the public in pharmacies without requiring the prescription of a qualified medical professional.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

As of 31 December 2015, Golden Throat Lozenges (OTC) has been exported to the United States, Canada, the European Union, Australia, South Asia and Middle East.

During the year ended 31 December 2015, the Group's sales of Golden Throat Lozenges (OTC) accounted for 91.8% of its total revenue.

Golden Throat Lozenge Series Products – Food

The Group's other key products are the Golden Throat Lozenge Series Products, which include six products comprising of Dule Lozenges (都樂含片), sugar-free Dule Lozenges and four other sugar-free flavours of this series, namely orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊) and American ginseng (西洋參).

A major difference between Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products is that the former is approved as over-the-counter medicine, whereas the latter are approved as food products. The sugar-free series of the Golden Throat Lozenge Series Products were launched in 2013 to cater to those customers that prefer sugar-free products.

As of 31 December 2015, Golden Throat Lozenge Series Products were exported to seven countries and regions.

During the year ended 31 December 2015, the Group's sales of Golden Throat Lozenge Series Products accounted for 5.6% of its total revenue.

Other Products

Sales of the Group's other products accounted for 2.6% of the Group's revenue for the year ended 31 December 2015. One of the Group's other products is Yinxingye Tablet (銀杏葉片), which is mainly designed to facilitate blood circulation, remove blood stasis and dredge energy channels and was approved as a prescription medicine by the CFDA.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Research and Development

The Group's business has significantly benefited from its strong track record in R&D. Since 1994, the Group has successfully developed 31 new products for which it has obtained manufacturing permits, amongst which, eight are pharmaceutical products, 21 are food products, one is a health food product and one is medical apparatus product.

The Group's R&D activities are conducted both in-house and through collaborations with external research institutions, such as hospitals, institute for drug research and other companies. As of 31 December 2015, the Group's R&D team consist of approximately 280 people.

The Group will continue its co-operation with external institutions in product research, development and commercialisation with the aim of improving production quality and efficiency. The Group intends to incur an aggregate of approximately RMB65 million on research and development activities for the next three years. As of 31 December 2015, the Group has incurred RMB2.3 million on R&D activities.

Pipeline Products

The Group seeks 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 its product portfolio.

The Group's major pipeline products include Golden Throat Vegetable Beverages Series Products and Lengyinzi (冷飲子).

Golden Throat Vegetable Beverages Series Products

Vegetable Beverage is a type of traditional Chinese vegetable drink. The Group has also developed a sugar-free series of Vegetable Beverage to cater to those customers that prefer sugar-free products.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group believes there is potential in the growing market demand for RTD tea market in China, therefore it targets to achieve a gross profit margin of approximately 20% through the sale of Vegetable Beverages.

The Group entered into a framework distribution co-operation agreement with one of its distributors, pursuant to which such distributor will be responsible for the sales of Vegetable Beverage in Guangdong, Hunan, Zhejiang and Jiangsu. The term of such framework distribution co-operation agreement is from 1 April 2015 to 31 December 2020. The Group will continue to seek opportunities to enter into distribution cooperation agreements with more distributors in order to expand its distribution network for the Golden Throat Vegetable Beverages Series Products.

The Group expects to launch the Vegetable Beverages (including sugar-free series) on a trial basis in the first half of 2016 through various retail channels.

Lengyinzi (冷飲子)

Lengyinzi is a type of traditional Chinese herbal drink.

The Group has commenced functional research for Lengyinzi. The Group plans to submit application for approval for Lengyinzi as a type of food and to obtain SC certificate and other approvals and permits for the sale of Lengyinzi before the end of 2016.

Sales, Marketing and Distribution

Branding

The Group believes that strong brand recognition and customer loyalty are key to the recognition of the "Golden Throat (金嗓子)" brand. The Group's principal brand, "Golden Throat (金嗓子)" was awarded with "Brand China – Huapu Award" (品牌中國－華譜獎) by Brand China Industry Union and China Chamber of International Commerce in 2011 and "CCTV China Annual Brand" (中央電視台中國年度品牌) by CCTV in 2012.

Distribution Network

The Group has established an extensive and structured nationwide sales and distribution network for its (a) over-the-counter medicines, (b) food products and (c) prescription medicines and medical apparatus. During the year ended 31 December 2015, substantially all of the Group's revenue was generated from sales to distributors.

As of 31 December 2015, the Group's distribution network comprised over 300 distributors which were directly engaged by it covering all the provinces, autonomous regions and municipal cities throughout China. In addition, the Group has also engaged promoters to further facilitate its product promotion and advertising, communication with its customers and monitoring of the activities of its distributors.

As mentioned above, the Group also has a presence in various overseas markets for its products, including the United States, Canada, the European Union, Australia, Southeast Asia and Middle East. The Group has engaged Liuzhou Jianli Import & Export Trading Co., Ltd. (柳州市堅利進出口貿易有限公司) and local distributors to sell its products to overseas markets.

As disclosed in the Company's announcement dated 16 February 2016, the Company has entered into the Framework Agreement on strategic cooperation on 15 February 2016 with Jointown, based on both parties' mutual desire for joint development. Pursuant to the Framework Agreement, the Company shall grant exclusive agency rights to Jointown for the sales and distribution of the Group's certain types of products within mainland of the PRC through Jointown's pharmaceutical distribution network, but such rights shall not include Jointown's right to engage any sub-distributors outside of its distribution network. The term of the Framework Agreement is six years, commencing from 1 January 2016 till 31 December 2021.

Below is a summary of the Group's distribution network. For further details, please refer to the section headed "Business – Distribution Network and Infrastructure" in the Prospectus.

(a) Over-the-counter Medicines

The Group has refined its distribution network for over-the-counter medicines in 2013. Its distributorship system is divided into two groups, namely distributors (directly engaged by the Group) and sub-distributors (directly engaged by its distributors). The distributors are further classified 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. The refined distribution network allows the Group to better monitor and incentivize the performance of distributors and sub-distributors and enables it to promote and demote distributors.

The Group's distributors and sub-distributors for its over-the-counter medicines are required under PRC laws to obtain pharmaceutical operation permits and GSP certificates.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

(b) Food products

The Group sells its food products only to distributors that have obtained the necessary licences and certificates required for distributing food products in China.

(c) Prescription medicines and medical apparatus

The Group sells its prescription medicines and medical apparatus directly to medical companies that have obtained the necessary licences and certificates required for distributing prescription medicine products in China.

Promoters

As of 31 December 2015, the Group has entered into products promotion cooperation agreements with 11 promoters. The primary reasons for engaging the promoters in certain regions are: (i) their knowledge of local markets and substantial experience in promoting products; and (ii) their familiarity with local municipal level agents and the Group benefits from their facilitation and ongoing feedback of such local markets.

Market Review

In recent years, the PRC's nominal GDP has grown steadily. According to the International Monetary Fund, the nominal GDP of China increased from RMB34,643 billion in 2009 to RMB64,080 billion in 2014. 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 RMB21,810 in 2011 to RMB31,195 in 2015, while per capita net income of rural residents increased from RMB6,977 in 2011 to RMB11,422 in 2015.

With the growth of China's economy and increase of people's disposable income, as well as the increasing focus on health, the pharmaceutical and lozenge market in China is expected to continue growing rapidly in the foreseeable future.

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 nowadays care more about life quality and health than before, and are getting more familiar with many brands of OTC medicines. In addition, the inconvenience and time needed for seeing doctors due to shortage of medical resources also drives consumers to treat themselves at home by purchasing OTC medicines when they encounter common ailments or chronic diseases.

Future Expansion and Upgrading Plan

For 2016, the Group will continue to strengthen its leading position in the lozenge market and continue to expand its market share in the PRC pharmaceutical and food markets.

The Group have commenced its strategic expansion into new geographic markets such as Qinghai, Jilin and Inner Mongolia through the establishment of its refined distributorship system back in 2013 and will continue both to expand into new markets and also further penetrating its existing markets through the expansion of its sales team to provide more distribution and sales support to its distributors at the pharmacy level.

To further enhance the popularity of its products and awareness of its brand and image in China, the Group will continue to maintain and promote its "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. The Group plans to expand and enhance its media marketing and promotion efforts, which historically have been mainly on television networks, by increasingly advertising via internet media that have broader coverage. The Group's dedicated marketing team will continue to work closely with its distributors to design and carry out effective and targeted marketing campaigns and promotional activities.

The Group also intends to increase its production capacity by constructing a new production base to meet the market demand for its Golden Throat Lozenges (OTC). The Group has acquired 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 Group has commenced construction in December 2015. After the expansion, the Group expects to have an increase in its annual manufacturing capacity of Golden Throat Lozenges (OTC) representing an increase of approximately 57% of the current capacity.

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

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2015, the Group's revenue amounted to approximately RMB706.9 million, as compared to RMB606.8 million for the year ended 31 December 2014, representing an increase of approximately RMB100.1 million, or 16.5%. The increase is mainly attributable to the increase in unit price of Golden Throat Lozenges (OTC) and the increase in sales of Golden Throat Lozenges Series Products, which resulted from enhancement of the Group's promotional efforts and distribution network.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

For the year ended 31 December 2015, the Group's revenue from sales of Golden Throat Lozenges (OTC) increased to RMB649.1 million, as compared to RMB549.5 million for the year ended 31 December 2014, representing an increase of approximately RMB99.6 million, or 18.1%, primarily because in 2015, the Group increased the unit price of Golden Throat Lozenges (OTC).

For the year ended 31 December 2015, the Group's revenue from sales of Golden Throat Lozenge Series Products increased to RMB39.5 million, as compared to RMB36.7 million for year ended 31 December 2014, representing an increase of approximately RMB2.8 million, or 7.6%, primarily because the Group has strengthened its promotional efforts and distribution network for its Golden Throat Lozenge Series Products.

For the year ended 31 December 2015, the Group's revenue from sales of other products decreased to RMB18.3 million, as compared to RMB20.6 million for the year ended 31 December 2014, representing a decrease of approximately RMB2.3 million, or 11.2%. This was because the sales of isomalt and isomaltulose syrup decreased as a result of the disposal of Weikete in December 2014.

The table below sets forth, for the periods indicated, the sales volume, revenue, cost, gross margin, unit price and unit cost of its key products.

	Year ended 31 December 2015					
	Sales Volume boxes'000	**Revenue RMB'000**	**Cost RMB'000**	**Gross margin %**	**Unit price RMB**	**Unit cost RMB**
Golden Throat Lozenges (OTC)	**129,481**	**649,077**	**151,873**	**76.6**	**5.0**	**1.2**
Golden Throat Lozenge Series Products	**9,492**	**39,475**	**19,877**	**49.6**	**4.2**	**2.1**

	Year ended 31 December 2014					
	Sales Volume boxes'000	Revenue RMB'000	Cost RMB'000	Gross margin %	Unit price RMB	Unit cost RMB
Golden Throat Lozenges (OTC)	127,032	549,501	141,010	74.3	4.3	1.1
Golden Throat Lozenge Series Products	8,949	36,717	19,604	46.6	4.1	2.2

Cost of Sales

The Group's cost of sales consists primarily of cost of packaging materials, labor costs, cost of raw materials, depreciation and other costs relating to its production of Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and other products.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The Group's cost of sales increased from approximately RMB176.9 million for the year ended 31 December 2014 to approximately RMB184.8 million for the year ended 31 December 2015, which accounted for approximately 26.1% of the Group's total revenue for the same period. The primary driver of the Group's increased cost of sales was the increased sales volumes, packaging costs and labor costs for the year ended 31 December 2015, as compared to the same period for 2014.

The table below sets forth, for the periods indicated, the components of its cost of sales and the components as a percentage of total cost of sales.

	Year ended 31 December 2015		Year ended 31 December 2014	
	RMB'000	**% of total**	RMB'000	% of total
Packaging materials	**74,236**	**40.2%**	67,588	38.2%
Raw materials	**41,265**	**22.3%**	43,096	24.4%
Labor costs	**53,460**	**28.9%**	51,836	29.2%
Depreciation	**3,954**	**2.2%**	5,781	3.3%
Other costs	**11,903**	**6.4%**	8,592	4.9%
Total	**184,818**	**100%**	176,893	100%

Gross Profit

Gross profit represents the excess of revenue over cost of sales.

For the year ended 31 December 2015, the Group's gross profit increased to RMB522.1 million, as compared to RMB429.9 million for the year ended 31 December 2014, representing an increase of approximately RMB92.2 million, or 21.4%. The increase in the Group's gross profit was broadly in line with its revenue growth. The Group's gross profit margin increased to 73.9% for the year ended 31 December 2015 from 70.8% for the corresponding period of 2014.

Other Income and Gains

The Group's other income and gains mainly comprised government grants, interest income and investment income. For the year ended 31 December 2015, the Group's other income and gains increased to RMB27.3 million, as compared to RMB18.3 million for the year ended 31 December 2014, representing an increase of approximately RMB9.0 million. The increase is mainly due to the increase in the Group's interest income from RMB0.7 million for the year ended 31 December 2014 to RMB9.7 million for the year ended 31 December 2015, as a result of receipt of the IPO Proceeds.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consisted of (i) advertising expenses, (ii) promotion expenses, (iii) transportation expenses, (iv) employee benefit expenses, (v) travel and office expenses, (vi) marketing expenses, and (vii) other miscellaneous expenses. For the year ended 31 December 2015, the Group's selling and distribution expenses amounted to approximately RMB255.4 million, as compared to RMB213.3 million for the year ended 31 December 2014, representing an increase of approximately RMB42.1 million, or 19.7%. The increase was mainly due to increased advertising and promotion expenses.

Administrative Expenses

The Group's administrative expenses primarily consisted 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 its 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 the Company's listing on the Stock Exchange, and (viii) other miscellaneous expenses. For the year ended 31 December 2015, the Group's administrative expenses amounted to approximately RMB78.4 million, as compared to RMB59.1 million for the year ended 31 December 2014, representing an increase of approximately RMB19.3 million, or 32.7%. The increase was mainly due to listing expense of approximately RMB23.8 million incurred during the year ended 31 December 2015.

Other Expenses

The Group's other expenses primarily consisted of its (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 the Group's proposed disposal of a 95.6% equity interest of Weikete, and (v) other miscellaneous expenses. For the year ended 31 December 2015, the Group's other expenses amounted to approximately RMB3.1 million, as compared to RMB5.4 million for the year ended 31 December 2014, representing a decrease of approximately RMB2.3 million, or 42.6%. The decrease was mainly because the Group disposed of its 95.6% interest in Weikete in December 2014 which resulted in impairment of assets of a disposal group classified as held for sale, whereas no such impairment occurred in 2015.

Finance Costs

For the year ended 31 December 2015, the Group's finance costs amounted to RMB10.1 million, as compared to RMB13.5 million for the year ended 31 December 2014, representing a decrease of approximately RMB3.4 million, or 25.2%. The decrease was mainly due to the decrease in average monthly outstanding bank borrowings during the year ended 31 December 2015 as compared to the corresponding period of 2014.

Income Tax Expense

For the year ended 31 December 2015, the Group's income tax expense amounted to RMB47.8 million, as compared to RMB35.1 million for the year ended 31 December 2014, representing an increase of RMB12.7 million, or 36.2%. The effective tax rate year ended 31 December 2015 and the corresponding period of 2014 was 23.6% and 22.4%, respectively. The increase in effective tax rate was mainly due to the withholding tax provided for the proposed dividend for the year ended 31 December 2015.

Net Profit

The Group's net profit for the year ended 31 December 2015 was approximately RMB154.6 million, as compared to RMB121.7 million for the year ended 31 December 2014, representing an increase of approximately RMB32.9 million, or 27.0%. The increase in the Group's net profit is broadly in line with its revenue growth.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Net Current Assets

As at 31 December 2015, the Group had net current assets of approximately RMB885.8 million, as compared to RMB23.9 million as at 31 December 2014. The current ratio of the Group increased to approximately 3.8 as at 31 December 2015 from 1.1 as at 31 December 2014. The increase in net current assets was mainly due to the significant increase in cash and cash equivalents from RMB127.2 million for the year ended 31 December 2014 to RMB754.7 million for the year ended 31 December 2015, as a result of the receipt of the IPO Proceeds.

Borrowing and the Pledge of Assets

As at 31 December 2015, the Group had an aggregate interest-bearing bank borrowings of approximately RMB91.7 million, as compared to approximately RMB94.8 million as at 31 December 2014. All the bank borrowings are repayable within one year. The bank borrowings are made up of (i) bank loans and (ii) discounted bills receivable. The decrease in bank borrowings was due to (i) the increase in bank loans from year 2014 to year 2015 by RMB20 million for general corporate purpose and (ii) the decrease in discounted bills receivable from year 2014 to 2015 by RMB23.1 million as a result of the increase in bank loans and receipt of the IPO Proceeds.

All of the Group's bank borrowings for the year ended 31 December 2015 are at fixed interest rates. For details of such borrowings, please refer to Note 22 of the Group's consolidated financial statements below.

The Group continues to manage its balance sheet and capital structure with a solid equity base, adequate working capital and credit facilities. The Group has policies governing accounting control, as well as credit and foreign exchange risk and treasury management. The Group has also been paying close attention in asset and liability management, including liquidity risks and currency risks.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Certain of the Group's leasehold lands with an aggregate net carrying value of RMB38.3 million was pledged to secure bank loans as at 31 December 2015, as compared to RMB17.7 million as at 31 December 2014.

Certain of the Group's buildings with an aggregate net carrying value of RMB1.7 million was pledged to secure bank loans as at 31 December 2015, as compared to RMB1.9 million as at 31 December 2014.

The Group's bills receivable of RMB1.7 million was pledged to secure bank loans as at 31 December 2015, as compared to RMB24.9 million as at 31 December 2014. The decrease in the amount of bills receivable pledged to secure bank loans is primarily due to the increase in cash and cash equivalents as a result of receipt of the IPO Proceeds.

No time deposits were pledged to secure bank loans as at 31 December 2015, as compared to RMB22.1 million as at 31 December 2014. The decrease in the amount of time deposits pledged to secure bank loans is primarily due to the increase in cash and cash equivalents as a result of receipt of the IPO Proceeds.

Gearing Ratio

As at 31 December 2015, the gearing ratio of the Group, which is calculated by dividing total borrowings by total equity, decreased to approximately 9.5% from approximately 103.8% as at 31 December 2014. The decrease was primarily due to the Group's decreased bank borrowings from RMB94.8 million as of 31 December 2014 to RMB91.7 million as of 31 December 2015 and increased total equity from RMB91.4 million as of 31 December 2014 to RMB968.4 million as of 31 December 2015 as a result of receipt of the IPO Proceeds.

Contingent Liabilities

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. However, the Group believes such contingent liabilities are insignificant. Accordingly, it has not made provision for such contingent liabilities, and it is not anticipated that any material liabilities will arise from such contingent liabilities. For the year ended 31 December 2015, there was no provision made by the Group in respect of legal claims.

Foreign Exchange Risk

The Group's transactions are mainly denominated and settled in RMB. The Group has certain amounts of deposit and available-for-sale investments in HKD, amounting to HK$174.7 million and HK$0.1 million as at 31 December 2015, respectively. Accordingly, the Group has exposure to foreign exchange risk that may arise from fluctuations in the HKD to RMB exchange rate.

During the year ended 31 December 2015, the Group has not used any financial instrument to hedge its foreign exchange risk.

EMPLOYEES AND EMOLUMENTS POLICY

As of 31 December 2015, the Group employed a total of 1,088 full-time employees, as compared to a total of 1,144 full-time employees as of 31 December 2014. The staff costs, including Directors' emoluments but excluding any contributions to pension scheme, were approximately RMB64.7 million for the year ended 31 December 2015 as compared to RMB66.2 million for the corresponding period in 2014. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employees. In addition to a basic salary, year-end bonuses are offered to those staffs with outstanding performances to attract and retain capable employees of the Group.

SIGNIFICANT INVESTMENTS HELD

During the year ended 31 December 2015, the Group acquired a new plot of land in Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region. Except as disclosed above, the Group did not have any significant investments during the year ended 31 December 2015.

MATERIAL ACQUISITIONS AND DISPOSALS

Please refer to the Prospectus for the material acquisitions and disposals of the Company's subsidiaries, associates and joint ventures in the year ended 31 December 2015.

SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

1. As mentioned above under the section headed "Distribution Network", the Company entered into the Framework Agreement with Jointown on 15 February 2016.

2. As mentioned above, the Board proposed the payment of a final dividend of HK$0.06 per share for the year ended 31 December 2015 to the shareholders of the Company.

3. On 17 February 2016, the Group established a subsidiary, Guangxi Golden Throat Food Co., Ltd. (廣西金嗓子食品有限公司) with registered capital of RMB2 million.

PROSPECTS

The Group will continue to seek to strengthen its leading position in the lozenge market and continue to expand its market share in the PRC pharmaceutical and food markets. Moreover, it will aim to increase its production capacities, expanding its product portfolio and strengthening its research and development capabilities. It will enhance its food and other pharmaceutical businesses and promote synergies across different product segments, at the same time enhancing its brand recognition through effective and targeted marketing. Furthermore, the Group will continue to expand its distribution network, refining associated infrastructure and leveraging on existing distribution network to market different products.

USE OF NET PROCEEDS FROM LISTING

The IPO Proceeds (including those shares issued pursuant to the partial exercise of the over-allotment option), after deducting underwriting fees and related expenses, amounted to approximately HK$909.6 million, which are intended to be applied in the manner disclosed in the Prospectus. Details of the use of the IPO Proceeds are set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. As at 31 December 2015, there was no change to the intended use of the IPO Proceeds as disclosed in the Prospectus.

As at 31 December 2015, the Group had utilised approximately HK$91.2 million, representing approximately 10% of the IPO Proceeds. Set out below is a summary of the utilisation of the IPO Proceeds:

Use of IPO Proceeds	Utilised	
	HK$'000	% of IPO Proceeds
Construction in Luowei Industrial Concentration Area	1,325	0.15
Conversion of headquarters	–	–
Market expansion	57,986	6.37
Product development	–	–
Establishment of Chinese herbs processing base	–	–
Refinement and Upgrade of electronic code system	678	0.07
General working capital	31,205	3.43

DIRECTORS AND SENIOR MANAGEMENT

AN OVERVIEW OF DIRECTORS AND SENIOR MANAGEMENT

As at 30 March 2016, the Board of Directors of the Company consists of nine Directors, comprising five executive Directors, one non-executive Director and three independent non-executive Directors.

The table below sets forth certain information in respect of the Directors and our senior management as at 30 March 2016.

Name	Age	Position	Date of appointment	Relationship with other Directors or senior management
Directors				
Ms. JIANG Peizhen (江佩珍)	70	Chairman of the Board and non-executive Director	10 February 2015	Mother of Mr. ZENG Yong
Mr. ZENG Yong (曾勇)	42	Vice Chairman of the Board, executive Director and General Manager	10 February 2015	Son of Ms. JIANG Peizhen
Mr. HUANG Jianping (黃建平)	53	Executive Director, Deputy General Manager and President of Labour Union	10 February 2015	None
Mr. ZENG Kexiong (曾克雄)	51	Executive Director and Deputy General Manager	10 February 2015	None
Mr. LU Xinghong (呂興鴻)	59	Executive Director and Deputy General Manager	10 February 2015	None
Mr. HE Jinqiang (何錦強)	46	Executive Director and Deputy General Manager	10 February 2015	None
Mr. LI Hua (李驊)	44	Independent non-executive Director	10 February 2015	None
Mr. ZHU Jierong (朱頡榕)	67	Independent non-executive Director	10 February 2015	None
Mr. CHENG Yiqun (程益群)	46	Independent non-executive Director	10 February 2015	None
Senior Management				
Ms. KE Xuening (柯學寧)	59	Assistant to General Manager	January 2014	None
Ms. LI Qing (李慶)	46	Assistant to General Manager	January 2014	None
Mr. WU Dong (吳東)	48	Assistant to General Manager	February 2015	None

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

DIRECTORS

Non-Executive Director

Ms. JIANG Peizhen (江佩珍), aged 70, 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 42, 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 53, 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.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

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 59, 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 46, 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.

DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

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 67, 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 46, 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 59, 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.

DIRECTORS' REPORT

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 31 December 2015.

CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 2 September 2014 as an exempted company with limited liability under the Cayman Companies Law. The Company's Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 15 July 2015.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the manufacture and sale of pharmaceutical, healthcare food and other products. There were no significant changes in the nature of the principal activities of the Group during the year ended 31 December 2015.

RESULTS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss on page 67 of this report.

FINAL DIVIDENDS

The Board recommends the payment of a final dividend of HK$0.06 per share for the year ended 31 December 2015 to the shareholders of the Company. The final dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting and, if approved, will be payable on or before 30 June 2016.

CLOSURE OF REGISTER OF SHAREHOLDERS

The annual general meeting of the Company is scheduled to be held on 24 May 2016. For members the entitlement to attend and vote at the annual general meeting, the register of members of the Company will be closed from 20 May 2016 to 24 May 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 19 May 2016 the business day before the first day of closure of the register of members.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on 30 May 2016, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 27 May 2016, the business day before the closure of the register of members.

BUSINESS REVIEW

A review of the Group's business during the year ended 31 December 2015 and a discussion on the Group's future business development, particulars of important events affecting the Group that have occurred since the end of the year ended 31 December 2015, and possible risks and uncertainties that the Group may be facing are provided in the Chairman's Statement on pages 6 to 8 and Management Discussion and Analysis on pages 13 to 26 of this report.

The financial risk management objectives and policies of the Group are shown in note 35 to the financial statements of this report.

An analysis of the Group's performance during the year ended 31 December 2015 using financial key performance indicators is provided in the Financial Highlights on page 5, Chairman's Statement on pages 6 to 8, and Management Discussion and Analysis on pages 13 to 26 of this report.

In addition, discussions on the Group's environmental policies, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Corporate Governance Report on pages 63 and 64 of this report.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the last four financial years is set out on page 138 of this report. That summary does not form part of the audited consolidated financial statements.

USE OF NET PROCEEDS FROM LISTING

The IPO Proceeds (including those shares issued pursuant to the partial exercise of the over-allotment option), after deducting underwriting fees and related expenses, amounted to approximately HK$909.6 million, which sum is intended to be applied in the manner disclosed in the Prospectus. For details of the utilisation of the IPO Proceeds, please refer to "Use of Net Proceeds From Listing" under the Management Discussion and Analysis section of this report.

As at 31 December 2015, the Group had utilised approximately HK$91.2 million, representing approximately 10% of the IPO Proceeds. Set out below is a summary of the utilisation of the IPO Proceeds:

Use of IPO Proceeds	Utilised HK$'000	% of IPO Proceeds
Construction in Luowei Industrial Concentration Area	1,325	0.15
Conversion of headquarters	–	–
Market expansion	57,986	6.37
Product development	–	–
Establishment of Chinese herbs processing base	–	–
Refinement and Upgrade of electronic code system	678	0.07
General working capital	31,205	3.43

MAJOR CUSTOMERS AND SUPPLIERS

Revenue from sales to the Group's five largest customers accounted for approximately 26.3% of the Group's total revenue from sales for the year ended 31 December 2015 and revenue from sales to the Group's largest customer amounted to 6.7% of the Group's total revenue from sales for the year.

Purchases from the Group's five largest suppliers accounted for approximately 64.3% of the Group's total purchase for the year ended 31 December 2015 and purchases from the Group's largest supplier amounted to 26.4% of the Group's total purchase for the year.

None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued shares) had any interest in the Group's five largest customers and suppliers.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2015 are set out in note 13 to the financial statements in this report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2015 are set out in note 25 to the financial statements in this report.

RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2015 are set out in note 37 to the financial statements and the consolidated statement of changes in equity on page 71 of this report, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company's reserves available for distribution, calculated in accordance with the provisions of the Companies Law, amounted to approximately RMB670.6 million (as at 31 December 2014: Nil).

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2015 are set out in note 22 to the financial statements in this report.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the article 164 of the Articles of Association and subject to the all applicable statues, rules and regulations, every Director and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution or holding of his/her office or otherwise in relation thereto, PROVIDED THAT the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

For details about insurance cover for the Company's Directors, please refer to the Corporate Governance Report of this report.

DIRECTORS

The Directors for the year ended 31 December 2015 and up to the date of this report were:

Executive Directors:

Mr. ZENG Yong *(vice chairman and general manager)*	*(appointed on 10 February 2015)*
Mr. HUANG Jianping	*(appointed on 10 February 2015)*
Mr. ZENG Kexiong	*(appointed on 10 February 2015)*
Mr. LU Xinghong	*(appointed on 10 February 2015)*
Mr. HE Jinqiang	*(appointed on 10 February 2015)*

Non-executive Director:

Ms. JIANG Peizhen *(chairman)*	*(appointed on 10 February 2015)*

Independent non-executive Directors:

Mr. LI Hua	*(appointed on 10 February 2015)*
Mr. ZHU Jierong	*(appointed on 10 February 2015)*
Mr. CHENG Yiqun	*(appointed on 10 February 2015)*

In accordance with article 84 of the articles of association of the Company, every Director shall be subject to retirement by rotation at an annual general meeting at least once every three years and shall be eligible for re-election.

In accordance with article 84 of the articles of association of the Company, Ms. JIANG Peizhen, Mr. ZENG Yong, Mr. HUANG Jianping, Mr. ZENG Kexiong, Mr. LU Xinghong, Mr. HE Jinqiang, Mr. LI Hua, Mr. ZHU Jierong and Mr. CHENG Yiqun will retire and being eligible, will offer themselves for re-election as the Directors at the AGM of the Company.

Details of the Directors to be re-elected at the AGM of the Company are set out in the circular to Shareholders.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Company are set out on pages 27 to 31 of this report.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors to be independent in accordance with Rule 3.13 of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of three years commencing from 10 February 2015, which may be terminated in accordance with the respective terms of the appointment letters.

None of the Directors who is proposed for re-election at the AGM of the Company has or is proposed to enter into any service contract that is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" below, no Director nor any entity connected with the Director had any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies were a party subsisted at the end of the year or at any time during the year ended 31 December 2015.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2015.

SHARE OPTION SCHEME

During the year ended 31 December 2015 and up to the date of this report, the Group has no share option scheme.

EMOLUMENT POLICY

The Remuneration Committee was set up to develop the Company's emolument policy and structure for remuneration of the Directors and senior management of the Company, having regard to the Company's operating results, individual performance of the Directors and senior management and comparable market practices.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and the five highest paid individuals are set out in notes 8 and 9 to the financial statements in this report.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Save as disclosed in the section headed "Directors and Senior Management" in this report, there was no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) of the Listing Rules since the date of the Prospectus.

DIRECTORS' AND THE GENERAL MANAGER'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of 31 December 2015, the interests and short positions of the Directors and the general manager of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were (i) required 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 were taken or deemed to have under such provisions of the SFO), or (ii) required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or (iii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Long Positions in the Shares, underlying Shares and debentures of the Company:

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the total issued Shares
Mr. ZENG Yong[3]	Founder of a discretionary trust	544,770,000	72.7%
Ms. JIANG Peizhen[4]	Interest through controlled corporation	96,253,200	12.8%
Mr. HUANG Jianping[5]	Beneficiary of a trust	17,100,000	2.3%
Mr. ZENG Kexiong[6]	Beneficiary of a trust	17,100,000	2.3%
Mr. LU Xinghong[7]	Beneficiary of a trust	17,100,000	2.3%
Mr. HE Jinqiang[8]	Beneficiary of a trust	17,100,000	2.3%

Notes:

(1) Terms used in these notes have the meanings prescribed to them in the Prospectus.

(2) The calculation is based on the total number of 749,183,000 Shares in issue as at 31 December 2015.

(3) 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 12.8% of the issued share capital of the Company immediately after the completion of the global offering and the partial exercise of the Over-allotment Option. 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.

(4) 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.

(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. 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, representing 1,620,000 Shares. As he is the beneficiary of the Senior Management Trust, he is deemed to be interested in all the Shares held by the Senior Management Trust. Accordingly, Mr. HUANG Jianping is deemed to be interested in 17,100,000 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. 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, representing 7,200,000 Shares. As he is the beneficiary of the Senior Management Trust, he is deemed to be interested in all the Shares held by the Senior Management Trust. Accordingly, Mr. ZENG Kexiong is deemed to be interested in 17,100,000 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. 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, representing 6,660,000 Shares. As he is the beneficiary of the Senior Management Trust, he is deemed to be interested in all the Shares held by the Senior Management Trust. Accordingly, Mr. LU Xinghong is deemed to be interested in 17,100,000 Shares held by Jin Qing Global.

(8) 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, representing 1,620,000 Shares. As he is the beneficiary of the Senior Management Trust, he is deemed to be interested in all the Shares held by the Senior Management Trust. Accordingly, Mr. HE Jinqiang is deemed to be interested in 17,100,000 Shares held by Jin Qing Global.

Save as disclosed above, as of 31 December 2015, so far as is known to any Director or the general manager of the Company, none of the Directors or the general manager of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or (ii) required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or (iii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

No rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company were granted by the Company to any Director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the year ended 31 December 2015.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 31 December 2015, to the knowledge of the Directors, the interests or short positions of the following persons (excluding the Directors or the general manager of the Company, whose interests are disclosed on page 38 above) in the Shares or underlying Shares of the Company, which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Name	Capacity/ Nature of interest	Number of Shares held	Approximate percentage of the total issued Shares
Family Trust[(4)]	Interest of controlled corporation	448,516,800	59.9%
Sovereign Trust International Limited[(4)]	Trustee of a discretionary trust	448,516,800	59.9%
Jin Jiang Global[(4)]	Interest of controlled corporation	448,516,800	59.9%
Golden Throat International	Beneficial owner	448,516,800	59.9%
Jin Chen Employee Holdings Limited[(5)]	Trustee of a discretionary trust	96,253,200	12.8%
Employees Trust	Interest of controlled corporation	79,153,200	10.6%
Jin Chen Global	Beneficial owner	79,153,200	10.6%

Notes:

(1) Terms used in these notes have the meanings prescribed to them in the Prospectus.

(2) All interests stated are long positions.

(3) The calculation is based on the total number of 749,183,000 Shares in issue as at 31 December 2015.

(4) 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. 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 the Family Trust, 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 59.9% of the issued share capital of the Company immediately after the completion of the global offering and the partial exercise of the Over-allotment Option.

(5) 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. As a result, Jin Chen Employee Holdings Limited is deemed to be interested in 12.8% of the issued share capital of the Company immediately after the completion of the global offering and the partial exercise of the Over-allotment Option.

Save as disclosed above, as of 31 December 2015, the Directors of the Company are not aware of any other person (excluding the Directors or the general manager of the Company, whose interests are disclosed on page 38 above) who has interests or short positions in the Shares or underlying Shares of the Company, which were required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of SFO, or recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

None of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities from the Listing Date to 31 December 2015.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands that would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

DIRECTOR'S AND CONTROLLING SHAREHOLDER'S INTERESTS IN COMPETING BUSINESS

A non-competition agreement dated 24 June 2015 (the "Non-competition Agreement") was entered into between the Company and the Controlling Shareholders.

Under the Non-competition Agreement, the Controlling Shareholders have undertaken to the Company that, they will not, and will procure any of 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. Details of the Non-competition Agreement were contained in the Prospectus.

The Controlling Shareholders have confirmed to the Company their compliance with the Non-Competition Agreement during the year ended 31 December 2015 for disclosure in this report.

The independent non-executive Directors have reviewed the Non-Competition Agreement and assessed whether the Controlling Shareholders have abided by the Non-Competition Agreement. The independent non-executive Directors confirmed that the Controlling Shareholder have not been in breach of the Non-Competition Agreement during the year ended 31 December 2015.

Save as described above, during the year ended 31 December 2015, none of the Directors or their respective associates had engaged in or had any interest in any business, other than the Group, which competes or is likely to compete with the businesses of the Group and which is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

CONNECTED TRANSACTIONS

During the year ended 31 December 2015, the transactions described below were entered into between the Company and its connected persons (as defined in the Listing Rules).

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 non-executive Director of the Company. Each of Ms. JIANG Peizhen and her 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% interest in Liuzhou Jingui Equity Investment Centre (LLP), which in turn in aggregate hold 95.6% equity interest in Weikete. 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.

As disclosed in the Prospectus, the Stock Exchange has granted a waiver to the Company from strict compliance with the requirements under Chapter 14A of the Listing Rules which would otherwise apply to the Company's non-exempt continuing connected transactions between the Company and Weikete.

The Company makes the disclosures below in accordance with Rule 14A.71 of the Listing Rules.

Set out below is a summary of the continuing connected transactions between the Group and the connected persons of the Company and the actual transaction amount incurred in 2015:

Item	Transaction		Annual Cap (RMB thousand) for the year ended 31 December 2015 (Note 1)	Actual transaction amount (RMB thousand) for the year ended 31 December 2015 (Note 1)
A.	**Continuing Connected Transaction with Weikete**			
	1	Procurement of raw materials from Weikete to the Group	4,545 (Note 2)	3,302
B.	**Continuing Connected Transaction with Peizhen Investment**			
	2	Licensing of trademarks from Peizhen Investment to the Group (Note 3)	N/A	N/A
C.	**Continuing Connected Transaction with Ms. JIANG Peizhen**			
	3	Licensing of portrait rights from Ms. JIANG Peizhen to the Group (Note 3)	N/A	N/A

Notes:

(1) All the figures in the table are rounded up to the nearest RMB thousand and include tax.

(2) As explained in the Prospectus, 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).

(3) As explained in the Prospectus, each of the percentage ratios (other than the profits ratio) for 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.33(3) of the Listing Rules, the transaction is exempted 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

Description of Transactions and Principal Terms

The Company and Weikete entered into a framework agreement dated 24 June 2015, under which Weikete agrees to provide raw materials, namely isomalt ("**Isomalt**"), isomaltulose syrup ("**Syrup**", together with Isomalt as "**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.

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

Description of 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.

Consideration

Nil consideration is payable under the Trademark Licensing Agreement.

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.

Ms. JIANG Peizhen's Portrait Licensing Agreement

Description of Transaction and Principal Terms

Ms. JIANG Peizhen, the Company and Golden Throat Company entered into a portrait licensing agreement on 24 June 2015 (the "**Portrait Licensing Agreement**"), under which Ms. JIANG Peizhen has agreed to grant the Group the right to use Ms. JIANG Peizhen's portrait (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.

Consideration

Nil consideration is payable under the Portrait Licensing Agreement.

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.

Other than Ms. JIANG Peizhen, who is also the indirect controlling shareholder of Weikete and Peizhen Investment, none of the Directors has a material interest in the aforementioned continuing connected transactions.

The Company's Independent non-executive Directors have reviewed the aforementioned continuing connected transactions and confirmed that these transactions have been entered into:

(1) in the ordinary and usual course of business of the Group;

(2) on normal commercial terms or better; and

(3) in accordance with the terms of the agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

The Company's auditors were engaged to report on the Company's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued their unqualified letter containing their conclusions in respect of the continuing connected transactions disclosed by the Company on pages 43 to 45 of this report in accordance with Rule 14A.56 of the Listing Rules. A copy of such letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules in respect of the above continuing connected transactions.

During the year, the Group entered into certain transactions with parties regarded as related parties under the applicable accounting standards. A summary of the related party transactions entered into by the Group during the year ended 31 December 2015 is contained in Note 32(a) to the financial statements of this report. The transaction summarized in item (ii) of such Note 32(a) falls under the definition of "continuing connected transaction" under the Listing Rules.

The Company has complied with the disclosure requirements, to the extent they are not exempted or waived by the Stock Exchange, in accordance with Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2015.

CHARITABLE DONATIONS

During the year ended 31 December 2015, the Group made charitable and other donations in an amount of RMB120,000 (2014: RMB1,600,000).

POST BALANCE SHEET EVENTS

Please see the section headed "Management Discussion and Analysis" in this report for a summary of the major events that have occurred in relation to the Company since the balance sheet date.

AUDIT COMMITTEE

The Audit Committee has reviewed together with the management and external auditors of the Company the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2015.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry to all Directors, the Company confirms that all Directors complied with the required standard set out in the Model Code throughout the period from the Listing Date to 31 December 2015.

CORPORATE GOVERNANCE

The Company is committed to maintaining the highest standard of corporate governance practices.

Information on the corporate governance practices adopted by the Company and details of the compliance by the Company with the CG Code (defined below) are set out in the Corporate Governance Report on pages 51 to 64 of this report.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08(1) of the Listing Rules requires that at least 25% of an issuer's total issued share capital must at all times be held by the public. Based on the information that is publicly available to the Company and to the knowledge of the Directors at the date of this report, there was a sufficient prescribed public float of the issued share of the Company throughout the year ended 31 December 2015 and as at the date of this report.

AUDITORS

Ernst & Young has been appointed as auditors of the Company for the year ended 31 December 2015.

Ernst & Young shall retire in the AGM of the Company and, being eligible, will offer themselves for re-appointment. A resolution for the re-appointment of Ernst & Young as auditors of the Company will be proposed at AGM of the Company.

PROFESSIONAL TAX ADVICE RECOMMENDED

If any shareholder is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, it is advised to consult an expert.

On behalf of the Board
JIANG Peizhen
Chairman

Guangxi, the PRC
30 March 2016

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance. Except as disclosed in this report, the Company has been in compliance with the applicable code provisions of the CG Code since the Listing Date up to 31 December 2015. The key corporate governance principles and practices of the Company are outlined later in this report.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board Committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

Board Composition

As at the date of this report, the Board comprises nine members, consisting of five executive Directors, one non-executive Director and three independent non-executive Directors as set out below:

Executive Directors:

Mr. ZENG Yong *(vice chairman and general manager)*
Mr. HUANG Jianping
Mr. ZENG Kexiong
Mr. LU Xinghong
Mr. HE Jinqiang

Non-executive Director:

Ms. JIANG Peizhen *(chairman)*

Independent non-executive Directors:

Mr. LI Hua
Mr. ZHU Jierong
Mr. CHENG Yiqun

The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this report.

Since the Listing Date and up to the date of this report, the Company has been in compliance with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications of accounting or related financial management expertise.

The Company also complied with the requirement of Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive Directors representing at least one-third of the Board.

Each of the independent non-executive Directors has confirmed his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

Ms. JIANG Peizhen, a non-executive Director, is the mother of Mr. ZENG Yong, an executive Director. Save as disclosed above, there are no financial, business, familial or other material relationships among other members of the Board.

With regards to the code provision of the CG Code requiring directors to disclose to the Company at the time of appointment and in a timely manner for any change, the number and nature of offices held in public companies or organizations and other significant commitments as well as their identity and the time involved (the "**Commitments**"), the Directors have disclosed their Commitments to the Company at the time of their appointments and agreed to disclose their Commitments to the Company in a timely manner.

Induction and Continuous Professional Development

The Directors were provided with the relevant training to ensure that they have a proper understanding of the business and operations of the Company and that they are fully aware of their responsibilities and obligations as a Director of a listed company as well as the compliance practice under the Listing Rules.

The attendance record of professional training received by the existing Directors in preparation for the Company's Listing on the Stock Exchange is as follows:

Director	Date of attendance of directors' training
Ms. JIANG Peizhen	15 January 2015
Mr. ZENG Yong	15 January 2015
Mr. HUANG Jianping	15 January 2015
Mr. ZENG Kexiong	15 January 2015
Mr. LU Xinghong	15 January 2015
Mr. HE Jinqiang	15 January 2015
Mr. LI Hua	13 February 2015
Mr. ZHU Jierong	13 February 2015
Mr. CHENG Yiqun	13 February 2015

Chairman and General Manager

As required by code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals.

The chairman of the Board and the general manager of the Company are currently two separate positions held by Ms. JIANG Peizhen and Mr. ZENG Yong respectively with distinct responsibilities. The chairman of the Board is responsible for the management and leadership of the Board to formulate overall strategies and business development directions for the Company, to ensure adequate, complete and reliable information is provided to all Directors in a timely manner, and to ensure the issues raised at Board meetings are explained appropriately. The general manager of the Company is responsible for the management of the business of the Company and implementation of the policies, business objectives and plans set by the Board and is accountable to the Board for the overall operation of the Company.

Non-executive Directors – Term of Appointment

None of the non-executive Directors is appointed for a specific term of longer than three years.

Directors' Service Contracts

Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of three years commencing from 10 February 2015 and may be terminated in accordance with the respective terms of the appointment letters.

None of the Directors who is proposed for re-election at the AGM of the Company has or is proposed to enter into any service contract that is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

None of the Directors has or is proposed to enter into a service contract with the Group which is for a duration which may exceed three years or which requires the Company to, in order to terminate such contract, give a notice period in excess of one year or pay or make other payments equivalent to more than one year's emoluments.

The rules and procedures governing the appointment, retirement, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board structure, size and composition and making recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

Nomination, appointment, retirement and re-election

In accordance with article 84 of the Articles of Association, every Director shall be subject to retirement by rotation at an annual general meeting at least once every three years and shall be eligible for re-election. In accordance with article 83(3) of the Articles of Association, any Director appointed by the Board 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 by the Board 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.

Board Meetings

The Board intends to hold board meetings regularly at least four times a year at approximately quarterly intervals. Notices of not less than fourteen days will be given for all regular board meetings to provide all Directors with an opportunity to attend and include matters to be discussed in the agenda for regular board meetings.

For other Board and Board Committees meetings, reasonable notice will generally be given by the Company. The agenda and accompanying board papers are dispatched to the Directors or Board Committees members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or Board Committees members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and Board Committees meetings are/will be recorded in sufficient detail to include the matters considered by the Board and the Board Committees and the decisions reached, including any concerns raised by the Directors and Board Committees members. Draft minutes of each Board meeting and Board Committees meeting are/will be sent to the Directors and Board Committees members for comments within a reasonable time after the date on which the meeting is held.

Four Board meetings were held during the year ended 31 December 2015 and the attendance of the Directors at these meetings is set out in the table below:

Name of Director	Category	Board Meeting Attended/Eligible to attend
Ms. JIANG Peizhen	NED	4/4
Mr. ZENG Yong	ED	4/4
Mr. HUANG Jianping	ED	4/4
Mr. ZENG Kexiong	ED	4/4
Mr. LU Xinghong	ED	4/4
Mr. HE Jinqiang	ED	4/4
Mr. LI Hua	INED	4/4
Mr. ZHU Jierong	INED	4/4
Mr. CHENG Yiqun	INED	4/4

The Chairman also held a meeting with the non-executive Directors (including independent non-executive Directors) without the executive Directors present.

No Shareholder's meeting was held during the year ended 31 December 2015.

Model Code for Securities Transactions

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions.

Having made specific enquiry to all Directors, the Company confirms that all Directors complied with the required standard set out in the Model Code from the Listing Date up to 31 December 2015.

Delegation by the Board

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management of the Company. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management of the Company.

Corporate Governance Function

The Board recognizes that corporate governance should be the collective responsibility of Directors which include:

(a) to develop and review the Company's policies and practices on corporate governance;

(b) to review and monitor the training and continuous professional development of Directors and senior management of the Company;

(c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and

(e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

As at the date of this report, the Board, through the Audit Committee executed the corporate governance function and had reviewed this corporate governance report.

BOARD COMMITTEES

Nomination Committee

As at 30 March 2016, the Nomination Committee comprises three members, namely Ms. JIANG Peizhen (NED), Mr. ZHU Jierong (INED) and Mr. CHENG Yiqun (INED), the majority of whom are independent non-executive Directors. Ms. JIANG Peizhen has been appointed as the chairman of the Nomination Committee.

The principal duties of the Nomination Committee include the following (without limitation):

– reviewing the structure, size and composition of the Board and make recommendations regarding any proposed changes;

– reviewing the board diversity policy (the "Board Diversity Policy") of the Company regularly (including any measurable objectives that the Board has set for implementing the Board Diversity Policy and the progress on achieving those objectives);

– identifying, nominating and recommending qualified candidates for appointment as directors;

– assessing the independence of independent non-executive Directors;

– making recommendations to the Board on the appointment or re-appointment of and succession planning for Directors; and

– reviewing and monitoring the training and continuous professional development of Directors and senior management of the Company.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision.

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

During the year ended 31 December 2015, the Nomination Committee convened one committee meeting. The Nomination Committee had assessed the independence of INEDs; reviewed the Board Diversity Policy; reviewed the Board composition and considered that the existing Board was appropriately structured. Attendance of each Nomination Committee member is set out in the table below:

Name of Member	Attended/Eligible to attend
Ms. JIANG Peizhen *(Chairman)*	1/1
Mr. ZHU Jierong	1/1
Mr. CHENG Yiqun	1/1

Board Diversity Policy

The Company views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. To that end, the Company has adopted a Board Diversity Policy to set out the approach to achieve diversity on the Board taking into consideration factors such as diversity of skills, professional and industry experience, cultural and educational background, ethnicity, length of service, gender and age. Under the Board Diversity Policy, the Nomination Committee would monitor the implementation of the Board Diversity Policy and give adequate consideration to the Board Diversity Policy when identifying suitably qualified candidates to become members of the Board. The Board will regularly review the Board Diversity Policy and make appropriate revisions to ensure the effectiveness of the Board Diversity Policy.

Remuneration Committee

As at 30 March 2016, the Remuneration Committee comprises three members, namely Mr. LI Hua (INED), Mr. CHENG Yiqun (INED) and Mr. HE Jinqiang (ED). Mr. LI Hua has been appointed as the chairman of the Remuneration Committee.

The principal duties of the Remuneration Committee include the following (without limitation):

– making recommendations to the Board for approval of the remuneration policy and structure and remuneration packages of the Directors and the senior management of the Company;

– determining the remuneration packages of the executive Directors and the senior management of the Company;

CORPORATE GOVERNANCE REPORT (CONTINUED)

– making recommendations to the Board on the remuneration of non-executive Directors; and

– ensuring that no Director or any of his/her associates will be involved in deciding his/her own remuneration.

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

During the year ended 31 December 2015, the Remuneration Committee convened one committee meeting to assess the performance of the Directors and reviewed the Company's remuneration policy and structure for all Directors and senior management. Attendance of each Remuneration Committee member is set out in the table below:

Name of Member	Attended/Eligible to attend
Mr. LI Hua *(Chairman)*	1/1
Mr. CHENG Yiqun	1/1
Mr. HE Jinqiang	1/1

Audit Committee

As at 30 March 2016, the Audit Committee comprises three members, being Mr. ZHU Jierong (INED), Mr. LI Hua (INED) and Mr. CHENG Yiqun (INED). Mr. ZHU Jierong has been appointed as the chairman of the Audit Committee, and is the INED with the appropriate professional qualifications.

The principal duties of the Audit Committee include the following (but without limitation):

– reviewing the financial information of the Company including financial statements and annual and interim reports and accounts before submission to the Board;

– making recommendations to the Board on the appointment, re-appointment and removal of the external auditor;

– reviewing and monitoring the external auditor's independence and objectivity and effectiveness of the audit process in accordance with applicable standards and discussing with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;

– reviewing the Company's financial controls, risk management and internal control systems;

– reviewing the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures, including the adequacy of the resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

– developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board;

– reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report;

– considering major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings; and

– reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements.

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

During the year ended 31 December 2015, the Audit Committee convened one committee meeting to review the interim results and financial statements of the Company and its subsidiaries for the six months ended 30 June 2015, the effectiveness of the Group's risk management and internal control systems, and the effectiveness of the Group's internal audit function. There are also are proper arrangements for employees to raise concerns about possible improprieties in financial reporting, internal control and other matters. The Audit Committee also reviewed the annual results and the financial statements for the year ended 31 December 2015 and the re-appointment of the external auditor. The Audit Committee's reviews also covered all material controls, including financial, operational and compliance controls and risk management and internal control functions of the Group. The Group's internal audit department has produced a report on the Group's internal control, financial control and risk management systems, which was presented to and reviewed by the Audit Committee and the Board. Attendance of each Audit Committee member is set out in the table below:

Name of Member	Attended/Eligible to attend
Mr. ZHU Jierong *(Chairman)*	1/1
Mr. LI Hua	1/1
Mr. CHENG Yiqun	1/1

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2015 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The Company's management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern.

The statement by the auditors of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditors' Report on page 65 of this report.

DIRECTORS' LIABILITY INSURANCE

Under code provision A.1.8 of the CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors or explain the reason for not doing so. The Board believes that with regular and timely communications among the Directors and the management of the Group, potential claims and legal actions against the Directors can be handled effectively without the need for insurance to be maintained. The Board will regularly review the procedures in handling potential claims and legal actions and take into account the requirements of the Directors and will monitor the need for making such an arrangement.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board to maintain adequate risk management and internal control systems to safeguard Shareholder investments and the Company's assets and review the effectiveness of such systems on an ongoing basis, at least annually.

The Group has established an internal audit department to review the financial condition, operational condition, risk management, compliance control and internal control of the Group. The Group's risk management and internal control systems are designed to ensure the achievement of business objectives in operations, financial reporting integrity and compliance with applicable laws and regulations. Such systems of risk management and internal control are designed to manage, rather than completely eliminate, risks impacting the Company's ability to achieve its business objectives. Accordingly, such systems can only provide reasonable but not absolute assurance that the financial statements do not contain a material misstatement or loss.

With the assistance of the Company's management team, the Board identifies, evaluates, and manages the significant risks faced by the Company. The Company implements the Board's policies and procedures to mitigate such risks by (i) identifying and assessing the risks the Group faces and (ii) designing, operating and monitoring the Group's risk management and internal control systems to mitigate and control such risks.

The Board, through the Audit Committee, has reviewed the effectiveness of the Group's risk management and internal control systems and considers such systems in place as of 31 December 2015 and as of the date of this report, to be effective and adequate.

AUDITORS' REMUNERATION

For the year ended 31 December 2015, the total remuneration paid or payable to the Company's auditor, Ernst & Young, for annual audit services totaling RMB1,600,000.

In addition, Ernst & Young was appointed as the Company's reporting accountants for its IPO of Shares, in relation to which total fees paid or payable to Ernst & Young during the year ended 31 December 2015 was RMB2,250,000. For the year ended 31 December 2015, no non-audit service was provided by the external auditors of the Company.

An analysis of the remuneration paid or payable to Ernst & Young is set out below:

Items of auditors' services	Amount (RMB'000)
Audit services:	
Annual audit services	1,600
Reporting accountants' services in relation to the Listing	2,250
Total	3,850

The Audit Committee and the Board have agreed on the re-appointment of Ernst & Young as the external auditors of the Company for 2016 and the proposal will be submitted for approval at the AGM of the Company.

COMPANY SECRETARY

Ms. NG Wingshan was appointed as the company secretary of the Company on 13 February 2015, and is responsible for advising the Board on corporate governance matters and ensuring that Board policies and procedures and applicable laws, rules and regulations are followed. Ms. Ng shall, 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 shall maintain constant contact with the Directors and senior management of the Company through various means, including regular meetings and telephone discussions whenever necessary. During the year ended 31 December 2015, Ms. Ng have undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules. Ms. Ng's primary corporate contact person in the Company is Mr. HE Jinqiang, an executive Director.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Details of the remuneration of Directors and the five highest paid employees required to be disclosed under Appendix 16 of the Listing Rules have been set out in Notes 8 and 9 to the financial statements.

For the year ended 31 December 2015, the remuneration paid to the top 3 senior management, other than Directors, is listed as below by band:

Band of remuneration	No. of person
Nil to RMB1,000,000	3

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognises the importance of timely and non-selective disclosure of information, which will enable Shareholders and investors to make informed investment decisions.

To promote effective communication with its Shareholders and encourage their participation in general meetings, the Company has established a shareholders' communication policy and maintains a website at www.goldenthroat.com, where up-to-date information on the Company's business operations and developments is available.

The annual general meeting of the Company provides opportunity for Shareholders to communicate directly with the Directors. The Chairman of the Company will attend the annual general meetings of the Company to answer Shareholders' questions. The external auditors of the Company will also attend the annual general meetings of the Company to answer questions about the conduct of the audit, the preparation and contents of the auditors' report, the accounting policies and auditor independence.

SHAREHOLDERS' RIGHTS

The Company intends to avoid bundling of resolutions at general meetings such that a separate resolution shall be proposed for each substantially separate issue at general meetings.

All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting.

CONVENING OF EXTRAORDINARY GENERAL MEETING AND PUTTING FORWARD PROPOSALS

In accordance with the Articles of Association, one or more Shareholders of the Company may convene an extraordinary general meeting provided that they deposit a written requisition to the Board or the company secretary and such requisitioning Shareholders hold as at the date of deposit of such requisition not less than one-tenth of the paid up capital of the Company which carries voting rights at general meetings of the Company.

Shareholders may put forward proposals for consideration at a general meeting in accordance with the Companies Law of the Cayman Islands and the Articles of Association.

As regards proposing a person for election as a Director, the procedures are available on the website of the Company.

ENQUIRIES TO THE BOARD

Shareholders who intend to put forward their enquiries about the Company to the Board should email their enquiries to the Company at gt6896@163.com.

CHANGE IN CONSTITUTIONAL DOCUMENTS

An amended and restated Articles of Association was adopted by the Company on 24 June 2015 and was effective on the Listing Date.

ENVIRONMENTAL POLICIES

The Group is committed to protecting the environment. The Group implemented a comprehensive set of environmental protection measures to treat emissions generated during its production process to minimise impact on the environment and to prevent industrial pollution. These measures include having treatment and control systems for solid waste, waste water, waste gas and noise. The Group has dedicated staff members responsible for environmental protection measures. Furthermore, to minimise the impact on the environment, the Group has installed environmental protection equipment and facilities to treat and, where possible, recycle waste materials. The Group is also constantly seeking to improve its environmental protection measures, for example, by reducing its use of water and production of waste water and by not burning coal for fuel to reduce carbon emissions.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with the applicable rules and regulations. During the year ended 31 December 2015, as far as the Company is aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that has a significant impact on the businesses and operations of the Group.

RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Company understands the importance of maintaining a good relationship with its employees, customers and suppliers. During the year ended 31 December 2015, there were no material and significant dispute between the Group and its employees, customers and suppliers.

Employees – The Group provides various internal and external training programmes to its employees with a view to improving staff knowledge. The Group also seeks to motivate and retain its employees by maintaining a merit-based compensation and promotion system. The Group had not experienced any major disputes with its employees and the Company believes that the Group maintains a good working relationship with its employees.

Customers – The Group's distributors are its direct customers. As of 31 December 2015, the Group's distribution network comprised over 300 distributors which were directly engaged by it covering all the provinces, autonomous regions and municipal cities throughout China. The Company believes that its 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. Over the years, the Group has also developed pricing strategies, which ensure that the profit margins of its products remain attractive to its distributors. In addition, the Group's market leading position of its lozenge products helps retain its distributors. For further details, please refer the section headed "Distribution Network" in the Management Discussion and Analysis of this Report.

Suppliers – The Group has established relationships with an average duration of more than three years with most of its major suppliers. The Group carefully selects its suppliers based on various factors, including their product quality, stability, timeliness of delivery, market reputation, creditworthiness and track record. The Group has not experienced significant difficulties in maintaining reliable sources of supplies, and it expects to be able to maintain adequate sources of quality supplies in the future.

GOING CONCERN

The Directors have a reasonable expectation that the Group will have adequate resources to continue in operation for the foreseeable future for a period that is not less than 12 months from the date of this report (for detailed assessment, please see the corresponding note in the financial statements). The Group therefore continues to adopt the going concern basis in preparing the financial statements.

INDEPENDENT AUDITORS' REPORT

To the shareholders of Golden Throat Holdings Group Company Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Golden Throat Holdings Group Company Limited (the "Company") and its subsidiaries set out on pages 67 to 137, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
30 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
REVENUE	5	**706,922**	606,801
Cost of sales		**(184,818)**	(176,893)
Gross profit		**522,104**	429,908
Other income and gains	5	**27,264**	18,250
Selling and distribution expenses		**(255,375)**	(213,286)
Administrative expenses		**(78,364)**	(59,101)
Other expenses		**(3,115)**	(5,395)
Finance costs	7	**(10,091)**	(13,538)
PROFIT BEFORE TAX	6	**202,423**	156,838
Income tax expense	10	**(47,805)**	(35,128)
PROFIT FOR THE YEAR		**154,618**	121,710
Attributable to:			
Owners of the parent		**154,618**	121,893
Non-controlling interests		**–**	(183)
		154,618	121,710
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted			
– For profit for the year	12	**RMB24.21 cents**	RMB22.38 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
PROFIT FOR THE YEAR	**154,618**	121,710
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**10,996**	–
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**10,996**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**10,996**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**165,614**	121,710
Attributable to:		
Owners of the parent	**165,614**	121,893
Non-controlling interests	**–**	(183)
	165,614	121,710

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**36,923**	39,601
Advance payments for property, plant and equipment		**635**	907
Prepaid land lease payments	14	**40,818**	20,741
Prepayments, deposits and other receivables	17	**248**	378
Deferred tax assets	24	**16,083**	10,533
Total non-current assets		**94,707**	72,160
CURRENT ASSETS			
Inventories	15	**36,759**	47,853
Trade and bills receivables	16	**372,275**	261,998
Prepayments, deposits and other receivables	17	**42,412**	31,950
Due from related parties	32(c)	**541**	3,673
Available-for-sale investments	18	**82**	1,103
Pledged deposits	19	**–**	22,126
Cash and cash equivalents	19	**754,664**	127,163
Total current assets		**1,206,733**	495,866
CURRENT LIABILITIES			
Trade payables	20	**10,302**	19,773
Other payables and accruals	21	**170,675**	172,322
Interest-bearing bank borrowings	22	**91,691**	94,780
Due to a director	32(c)	**96**	188
Due to related parties	32(c)	**110**	7,585
Tax payable		**47,648**	39,219
Government grants	23	**366**	410
Dividend payable		**–**	137,720
Total current liabilities		**320,888**	471,997
NET CURRENT ASSETS		**885,845**	23,869
TOTAL ASSETS LESS CURRENT LIABILITIES		**980,552**	96,029

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 December 2015

	Notes	**2015 RMB'000**	2014 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**980,552**	96,029
NON-CURRENT LIABILITIES			
Other payables and accruals	21	**855**	1,104
Government grants	23	**2,462**	3,494
Deferred tax liabilities	24	**8,790**	79
Total non-current liabilities		**12,107**	4,677
Net assets		**968,445**	91,352
EQUITY			
Equity attributable to owners of the parent			
Share capital	25	**115**	–
Share premium	25	**711,364**	–
Reserves	26	**256,966**	91,352
Total equity		**968,445**	91,352

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

		Attributable to owners of the parent									
	Notes	Share capital RMB'000 (note 25)	Share premium account RMB'000 (note 25)	Capital reserves RMB'000 (note 26)	Statutory and other surplus reserves RMB'000 (note 26)	Other reserves RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
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		–	–	–	–	–	–	–	–	688	688
Disposal of a subsidiary		–	–	–	–	–	–	–	–	(505)	(505)
Dividends declared		–	–	–	–	–	–	(167,289)	(167,289)	–	(167,289)
At 31 December 2014 and 1 January 2015		–	–	8,952	78,534	(24)	–	3,890	91,352	–	91,352
Profit for the year		-	-	-	-	-	-	154,618	154,618	-	154,618
Other comprehensive income for the year: Exchange differences on translation of foreign operations		-	-	-	-	-	10,996	-	10,996	-	10,996
Total comprehensive income for the year		-	-	-	-	-	10,996	154,618	165,614	-	165,614
Issue of shares	25	115	741,801	-	-	-	-	-	741,916	-	741,916
Share issue expenses	25	-	(30,437)	-	-	-	-	-	(30,437)	-	(30,437)
At 31 December 2015		115	711,364	8,952*	78,534*	(24)*	10,996*	158,508*	968,445	-	968,445

* These reserve accounts comprise the consolidated reserves of RMB256,966,000 (2014: RMB91,352,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**202,423**	156,838
Adjustments for:			
Depreciation of items of property, plant and equipment	13	**5,218**	8,515
Amortisation of prepaid land lease payments	14	**789**	602
Recognition of government grants	23	**(1,076)**	(335)
Loss on disposal of items of property, plant and equipment	6	**474**	764
Gain on disposal of a subsidiary	28	**–**	(546)
Gain on disposal of prepaid land lease payments	5	**–**	(218)
Gain on bargain purchase of a subsidiary	27	**–**	(3,442)
Gain on transfer of a funding right of Golden Throat Football School	5	**–**	(473)
Investment income from available-for-sale investments	5	**(86)**	(792)
Changes in fair value of available-for-sale investments	6	**44**	–
Exchange gains, net	5	**(1,728)**	–
Bank interest income	5	**(9,729)**	(730)
Finance costs	7	**10,091**	13,538
Government grants for lower interest loans		**–**	(1,020)
(Reversal of impairment)/impairment of trade receivables	16	**(704)**	148
Impairment of other receivables	17	**310**	–
(Reversal of write-down)/write-down of inventories to net realisable value	6	**(791)**	28
Impairment of items of property, plant and equipment	13	**–**	1,672
Impairment of prepaid land lease payments	14	**–**	739
Impairment of intangible assets	6	**–**	164
		205,235	175,452
(Increase)/decrease in trade and bills receivables		**(109,573)**	39,517
Increase in prepayments, deposits and other receivables		**(13,995)**	(18,859)
Decrease/(increase) in inventories		**11,885**	(2,113)
Decrease in amounts due from related parties		**3,216**	–
Increase in amounts due to related parties		**31**	–
Decrease in trade payables		**(9,471)**	(1,925)
Increase in other payables and accruals		**1,104**	12,602
Cash generated from operations		**88,432**	204,674
Interest received		**9,109**	730
Interest paid		**(10,091)**	(12,516)
Income tax paid		**(36,215)**	(19,632)
Net cash flows from operating activities		**51,235**	173,256

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment and construction in progress		**(3,030)**	(4,048)
Purchases of available-for-sale investments		**(126)**	(253,000)
Proceeds from disposal of available-for-sale investments		**1,189**	253,773
Proceeds from disposal of items of property, plant and equipment		**292**	83
Prepayment of land lease payments		**(21,293)**	–
Decrease in an amount due to a director		**(92)**	–
Acquisition of a subsidiary	27	**–**	(8,951)
Disposal of a subsidiary	28	**–**	(261)
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		**–**	1,000
Decrease/(increase) in prepayments, deposits and other receivables		**1,296**	(1,296)
Net cash flows used in investing activities		**(21,764)**	(12,700)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of bank loans		**(389,319)**	(369,277)
New bank loans		**386,230**	356,057
Increase in an amount due to a director		**–**	188
(Decrease)/increase in amounts due to related parties		**(7,506)**	7,585
Decrease/(increase) in pledged time deposits		**22,126**	(22,126)
Proceeds from issue of shares	25	**741,832**	–
Share issue expenses		**(30,337)**	–
Dividends paid to shareholders		**(137,720)**	(151,325)
Net cash flows from/(used in) financing activities		**585,306**	(178,898)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**614,777**	(18,342)
Net foreign exchange difference		**12,724**	–
Cash and cash equivalents at beginning of year	19	**127,163**	145,505
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	**754,664**	127,163
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	**754,664**	127,163

NOTES TO FINANCIAL STATEMENTS

31 December 2015

1. CORPORATE AND GROUP 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.

During the year, the Group was principally involved in the manufacture and sale of pharmaceutical, healthcare food and other products.

On 15 July 2015, the Company succeeded its listing on the Main Board of the Stock Exchange.

In the opinion of the directors, the holding company of the Company is Golden Throat International Holding Limited, which is incorporated in the British Virgin Islands.

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/registration and business	Issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Golden Throat Industrial Holdings Limited 金嗓子實業集團有限公司	Hong Kong	HKD1	100%	–	Investment holding
Guangxi Golden Throat Investment Consulting Co., Ltd.* 廣西金嗓子投資諮詢有限公司	People's Republic of China (the "PRC")/Mainland China	USD35,000,000	–	100%	Investment holding
Guangxi Golden Throat Co., Ltd.** ("Golden Throat Company") 廣西金嗓子有限責任公司	PRC/Mainland China	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	PRC/Mainland China	RMB3,200,000	–	100%	Manufacture and sale of pharmaceutical and healthcare food products

1. CORPORATE AND GROUP INFORMATION *(Continued)*

Information about subsidiaries *(continued)*

Name	Place of incorporation/registration and business	Issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Guangxi Golden Throat Medical Co., Ltd.** 廣西金嗓子醫藥有限公司	PRC/Mainland China	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	PRC/Mainland China	RMB30,000,000	–	100%	Manufacture and sale of pharmaceutical and healthcare food products

* This entity is a wholly-foreign-owned enterprise established under PRC law. During the year, the registered capital of this entity increased from RMB100,000 to USD35,000,000.

** These entities are limited liability enterprises established under PRC law.

2.1 BASIS OF PREPARATION

These financial statements have been prepared 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 ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for available-for-sale investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") 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:

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

2.1 BASIS OF PREPARATION *(Continued)*

Basis of consolidation *(continued)*

(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 above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 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.

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The adoption of the above revised standards has had no significant financial effect on the financial statements.

In addition, the Company has adopted the amendments to the Listing Rules issued by the 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.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	*Amendments to a number of HKFRSs*[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 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
4 No mandatory effective date yet determined but is available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. The Group is currently assessing the impact of the standard.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

HKFRS 15 establishes a new five-step model to account for 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. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Business combinations and goodwill *(continued)*

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Fair value measurement

The Group measures its available-for-sale investments at fair value at the end of each of the reporting period. 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 reporting period.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 non-current assets), 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 the statement of 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 reporting period 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 the statement of profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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);
- (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); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 the statement of 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 the statement of 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 are stated at cost less any impairment losses, and are 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 the statement of profit or loss as incurred.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 the statement of 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 the statement of 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 the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(continued)*

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 the statement of 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 the statement of 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 the statement of 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Investments and other financial assets *(continued)*

Available-for-sale financial investments *(continued)*

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 the statement of 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount 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 the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Impairment of financial assets *(continued)*

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 the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of 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 the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity investments classified as available for sale are not reversed through the statement of 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 the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset 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 the statement of 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 the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 the statement of 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 the statement of 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 the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 statement 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 consolidated statement 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 the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income tax *(continued)*

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 the reporting period.

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 the statement of 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 of Loans for National Trade and Manufacturing of National Special Products issued by the People's Bank of China and the State Ethnic Affairs Commission of the People's Republic of China is recognised as income when received.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 their payroll costs to the central pension scheme. The contributions are charged to the statement of 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.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were 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.

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

These financial statements are presented in RMB, which is the Company's functional 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 the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of 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).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(continued)*

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements 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 statements 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 the reporting period, 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(continued)*

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 the reporting period. 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 unused tax losses to the extent that it is probable that taxable profit will be available against which the losses 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 value of deferred tax assets relating to recognised deductible temporary differences at 31 December 2015 was RMB16,083,000 (2014: RMB10,533,000). Further details are contained in note 24 to the financial statements.

Income tax

The Group is subject to income taxes in various regions. As 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 statements.

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 losses over the period in which such estimate has been changed. The provision for impairment of trade and other receivables at 31 December 2015 was RMB2,635,000 (2014: RMB14,360,000).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(Continued)*

Estimation uncertainty *(continued)*

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 year, all of the Group's revenue was generated from customers located in Mainland China and all of the non-current assets of the Group was 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 during the year (2014: Nil).

5. REVENUE, OTHER INCOME AND GAINS

Revenue 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 year.

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

	Notes	**2015** **RMB'000**	2014 RMB'000
Revenue			
Sale of goods		**706,922**	606,801
Other income			
Government grants		**14,545**	11,334
Bank interest income		**9,729**	730
Investment income from available-for-sale investments		**86**	792
Rental income		**52**	100
Others		**1,124**	615
		25,536	13,571
Gains			
Exchange gains, net		**1,728**	–
Gain on transfer of a funding right of Golden Throat Football School		**–**	473
Gain on disposal of a subsidiary	28	**–**	546
Gain on disposal of prepaid land lease payments		**–**	218
Gain on bargain purchase of a subsidiary	27	**–**	3,442
		1,728	4,679
		27,264	18,250

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

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		**184,818**	176,893
Depreciation of items of property, plant and equipment	13	**5,218**	8,515
Amortisation of land lease payments	14	**789**	602
Research and development costs		**2,289**	2,777
Minimum lease payments under operating leases		**578**	356
Auditors' remuneration		**3,930**	2,808
Government grants		**(14,545)**	(11,334)
Bank interest income		**(9,729)**	(730)
Investment income from available-for-sale investments		**(86)**	(792)
Rental income		**(52)**	(100)
Gain on transfer of a funding right of Golden Throat Football School		**–**	(473)
Gain on disposal of a subsidiary	28	**–**	(546)
Gain on disposal of prepaid land lease payments		**–**	(218)
Gain on bargain purchase of a subsidiary	27	**–**	(3,442)
Exchange gains, net		**(1,728)**	–
Employee benefit expense (excluding directors' remuneration (note 8)):			
Wages and salaries		**58,422**	55,628
Pension		**8,924**	8,661
Staff welfare expenses		**15,617**	15,726
		82,963	80,015

6. PROFIT BEFORE TAX *(Continued)*

	Notes	2015 RMB'000	2014 RMB'000
Loss on disposal of items of property, plant and equipment		**474**	764
Donation		**120**	1,615
Changes in fair value of available-for-sale investments		**44**	–
Impairment of property, plant and equipment	13	**–**	1,672
Impairment of prepaid land lease payments	14	**–**	739
Impairment of intangible assets		**–**	164
Impairment of other receivables	17	**310**	–
(Reversal of impairment)/impairment of trade receivables	16	**(704)**	148
(Reversal of write-down)/write-down of inventories to net realisable value		**(791)**	28

7. FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest on bank loans	**6,083**	11,016
Interest on discounted bills receivable	**4,008**	2,522
	10,091	13,538

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2015 RMB'000	2014 RMB'000
Fees	**180**	–
Other emoluments:		
Salaries, allowances and benefits in kind	**3,487**	3,393
Performance related bonuses	**3,999**	3,863
Pension scheme contributions	**354**	324
	7,840	7,580
	8,020	7,580

The Company was incorporated on 2 September 2014, hence, directors' remuneration for the year ended 31 December 2014 was the remuneration revceived by certain directors of the Company from a subsidiary now comprising the Group for their appointments as directors of this subsidiary or in a capacity as an employee.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2015 RMB'000	2014 RMB'000
Li Hua*	**60**	–
Cheng Yiqun*	**60**	–
Zhu Jierong*	**60**	–
	180	–

* Appointed as independent non-executive directors on 10 February 2015.

There were no other emoluments payable to the independent non-executive directors during the year.

8. DIRECTORS' REMUNERATION *(Continued)*

(b) Executive directors and a non-executive director

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2015				
Executive directors:				
Zeng Yong*	**477**	**795**	**59**	**1,331**
Lu Xinghong*	**390**	**270**	**59**	**719**
Zeng Kexiong*	**388**	**269**	**59**	**716**
Huang Jianping*	**388**	**269**	**59**	**716**
He Jinqiang*	**387**	**269**	**59**	**715**
	2,030	**1,872**	**295**	**4,197**
Non-executive director:				
Jiang Peizhen**	**1,457**	**2,127**	**59**	**3,643**
	3,487	**3,999**	**354**	**7,840**
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

* Appointed as executive directors on 10 February 2015.
** Appointed as a non-executive director on 10 February 2015.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

8. DIRECTORS' REMUNERATION *(Continued)*

No emoluments were paid by the Group to any of the above directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year.

The Group did not appoint a chief executive, and the duty of a chief executive was performed by the general manager.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included five directors (2014: five directors), 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 profits tax as it did not have any assessable profits arising in Hong Kong during the year.

The provision for Mainland China income tax has been made 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 year (2014: 15%).

The income tax expense of the Group for the years ended 31 December 2015 and 2014 is analysed as follows:

	2015 **RMB'000**	2014 RMB'000
Current tax:		
Charge for the year	**44,644**	35,211
Deferred tax (note 24)	**3,161**	(83)
Total tax charge for the year	**47,805**	35,128

10. INCOME TAX *(Continued)*

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:

	2015 RMB'000	2014 RMB'000
Profit before tax	**202,423**	156,838
At the PRC's statutory income tax rate of 25%	**50,606**	39,210
Effect of tax rate differences in other jurisdictions	**737**	–
Preferential income tax rates applicable to certain subsidiaries	**(18,629)**	(14,081)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**8,711**	79
Expenses not deductible for tax	**7,469**	10,666
Income not subject to tax	**(262)**	(997)
Additional deductible allowance for the payroll of disabled employees	**(827)**	(796)
Tax losses not recognised	**–**	1,047
Tax charge at the Group's effective rate	**47,805**	35,128

11. DIVIDENDS

	2015 RMB'000	2014 RMB'000
Proposed final – HK6 cents (2014: Nil) per ordinary share	**37,660**	–

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 declared by the Company since the date of its incorporation and Golden Throat Company to its then shareholders during the year ended 31 December 2015 (2014: RMB167,289,000).

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount 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 638,662,951 (2014: 544,770,000) in issue during the year, on the assumption that the subdivision of shares and the reorganisation had been completed on 1 January 2014.

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

The calculation of basic earnings per share is based on:

	2015 **RMB'000**	2014 RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**154,618**	121,893

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**638,662,951**	544,770,000

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery and equipment RMB'000	Computer and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2015						
At 1 January 2015:						
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
At 1 January 2015, net of accumulated depreciation	8,579	24,519	1,113	2,327	3,063	39,601
Additions	–	1,236	–	–	2,070	3,306
Disposals	(74)	(692)	–	–	–	(766)
Depreciation provided during the year (note 6)	(301)	(3,290)	(364)	(1,263)	–	(5,218)
Transfers	–	3,110	–	–	(3,110)	–
At 31 December 2015, net of accumulated depreciation	8,204	24,883	749	1,064	2,023	36,923
At 31 December 2015:						
Cost	53,725	73,560	2,909	5,133	2,023	137,350
Accumulated depreciation	(45,521)	(48,677)	(2,160)	(4,069)	–	(100,427)
Net carrying amount	8,204	24,883	749	1,064	2,023	36,923

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

13. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Buildings RMB'000	Machinery and equipment RMB'000	Computer and office equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2014						
At 1 January 2014:						
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
At 1 January 2014, net of accumulated depreciation	11,237	26,503	1,526	3,535	559	43,360
Acquisition of a subsidiary (note 27)	26,948	8,281	92	161	80	35,562
Additions	–	1,077	13	–	5,000	6,090
Impairment (note 6)	(1,275)	(393)	–	–	(4)	(1,672)
Disposal of a subsidiary (note 28)	(25,673)	(8,375)	(105)	(8)	(136)	(34,297)
Disposals	(528)	(247)	–	(152)	–	(927)
Depreciation provided during the year (note 6)	(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

At 31 December 2015, the Group has not obtained building ownership certificates for certain buildings with an aggregate net book value of RMB753,000 (2014: RMB1,000,000). The Group is not able to assign, transfer or mortgage these assets until the certificates are obtained.

At 31 December 2015, certain of the Group's buildings with a net carrying amount of approximately RMB1,717,000 (2014: RMB1,861,000) were pledged to secure bank loan facilities granted to the Group (note 22).

14. PREPAID LAND LEASE PAYMENTS

	2015 RMB'000	2014 RMB'000
Carrying amount at beginning of year	**21,317**	22,971
Additions	**21,293**	–
Acquisition of a subsidiary (note 27)	**–**	15,756
Recognised during the year (note 6)	**(789)**	(602)
Impairment (note 6)	**–**	(739)
Disposal	**–**	(1,052)
Disposal of a subsidiary (note 28)	**–**	(15,017)
Carrying amount at end of year	**41,821**	21,317
Current portion included in prepayments, deposits and other receivables (note 17)	**(1,003)**	(576)
Non-current portion	**40,818**	20,741

At 31 December 2015, certain of the Group's leasehold lands with a net carrying amount of approximately RMB38,258,000 (2014: RMB17,659,000) were pledged to secure bank loan facilities granted to the Group (note 22).

15. INVENTORIES

	2015 RMB'000	2014 RMB'000
Raw materials	**12,255**	16,758
Work in progress	**3,043**	3,000
Finished goods	**22,749**	30,174
	38,047	49,932
Write-down of inventories to net realisable value	**(1,288)**	(2,079)
	36,759	47,853

16. TRADE AND BILLS RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables	**60,409**	50,374
Bills receivable	**314,189**	224,898
	374,598	275,272
Impairment	**(2,323)**	(13,274)
	372,275	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 the reporting period, based on the invoice date and net of provisions, is as follows:

	2015 RMB'000	2014 RMB'000
Less than 3 months	**55,264**	32,961
3 to 6 months	**1,395**	2,544
6 to 12 months	**755**	994
1 to 2 years	**490**	371
Over 2 years	**182**	230
	58,086	37,100

16. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	2015 RMB'000	2014 RMB'000
At beginning of year	**13,274**	13,126
Impairment losses recognised (note 6)	**402**	148
Impairment losses reversed (note 6)	**(1,106)**	–
Amount written off as uncollectible	**(10,247)**	–
At end of year	**2,323**	13,274

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB2,323,000 (2014: RMB13,274,000), with a carrying amount before provision of RMB2,323,000 (2014: RMB13,274,000).

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:

	2015 RMB'000	2014 RMB'000
Neither past due nor impaired	**55,264**	32,961
Less than 3 months past due	**1,395**	2,544
Over 3 months past due	**1,427**	1,595
	58,086	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.

16. TRADE AND BILLS RECEIVABLES *(Continued)*

At 31 December 2015, 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 with a carrying amount in aggregate of RMB24,202,000 (2014: RMB33,677,000) (the "Endorsement"). In addition, the Group discounted certain bills receivable accepted by certain banks in the PRC (the "Discounted Notes") with a carrying amount in aggregate of RMB9,991,000 (2014: RMB102,975,000) (the "Discount"). 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").

In the opinion of the directors, the Group has transferred substantially all the risks and rewards relating to certain Endorsed Notes and Discounted Notes accepted by large and reputable banks with amounts of RMB6,634,000 (2014: RMB13,123,000) and RMB8,300,000 (2014: RMB78,195,000), respectively (the "Derecognised Notes"). 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 the 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 the Derecognised Notes are not significant.

At 31 December 2015, the Group continued to recognise the full carrying amounts of the remaining Endorsed Notes and the associated trade payables settled with an amount of RMB17,568,000 (2014: RMB20,554,000), and to recognise the proceeds received from the discount of the remaining Discounted Notes with an amount of RMB1,691,000 (2014: RMB24,780,000) as short-term loans 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 year, 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 or cumulatively. The Endorsement and the Discount have been made evenly during the year.

Bills receivable are due within six months. At 31 December 2015, bills receivable of approximately RMB1,691,000 were pledged to secure bank loan facilities granted to the Group (2014: RMB24,880,000) (note 22).

17. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 **RMB'000**	2014 RMB'000
Other receivables	**5,402**	6,282
Deferred listing expenses	**–**	3,104
Prepayments for material costs	**2,225**	835
Interest receivable	**620**	–
Prepaid land lease payments (note 14)	**1,003**	576
Prepaid expenses	**33,722**	22,617
	42,972	33,414
Impairment	**(312)**	(1,086)
	42,660	32,328
Less: Other receivables, non-current portion	**(248)**	(378)
	42,412	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:

	2015 **RMB'000**	2014 RMB'000
At beginning of year	**1,086**	1,086
Impairment losses recognised (note 6)	**310**	–
Amount written off as uncollectible	**(1,084)**	–
At end of year	**312**	1,086

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

18. AVAILABLE-FOR-SALE INVESTMENTS

	2015 RMB'000	2014 RMB'000
Listed equity investments, at fair value	**82**	103
Unlisted investments, at fair value	**–**	1,000
	82	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 2014 bear an uncertain yield rate per annum upon maturity in April 2015.

19. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Note	**2015 RMB'000**	2014 RMB'000
Cash and bank balances		**754,664**	127,163
Time deposits		**–**	22,126
		754,664	149,289
Less: Pledged deposits:			
Pledged for short-term bank loans	22	**–**	(22,126)
Cash and cash equivalents		**754,664**	127,163

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB608,274,000 (2014: RMB127,018,000). 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.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

20. TRADE PAYABLES

	2015 RMB'000	2014 RMB'000
Trade payables	**10,302**	19,773

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

	2015 RMB'000	2014 RMB'000
Less than 3 months	**3,921**	17,156
3 to 6 months	**4,021**	1,305
6 to 12 months	**1,088**	463
1 to 2 years	**423**	602
Over 2 years	**849**	247
	10,302	19,773

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

21. OTHER PAYABLES AND ACCRUALS

	2015 RMB'000	2014 RMB'000
Other payables	**26,969**	26,934
Accrued liabilities	**69,527**	57,767
Accrued employee benefits	**12,249**	13,288
Advances from customers	**30,791**	35,385
Taxes payable other than corporate income tax	**31,994**	40,052
	171,530	173,426
Less: Accrued employee benefits, non-current portion	**(855)**	(1,104)
	170,675	172,322

Other payables are non-interest-bearing and have an average payment term of three months.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

22. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate (%)	Maturity	2015 RMB'000	2014 RMB'000
Current				
Bank loans – secured	3.37-5.60	Within 1 year	**61,691**	84,780
Bank loans – unsecured	5.60-6.00	Within 1 year	**30,000**	10,000
			91,691	94,780
Analysed into:				
Bank loans repayable:				
Within one year or on demand			**91,691**	94,780

Notes:

(a) Certain of the Group's bank loans are secured by:

(i) mortgages over certain of the Group's leasehold lands which had an aggregate net carrying value at the end of the reporting period of approximately RMB38,258,000 (2014: RMB17,659,000) (note 14);

(ii) mortgages over certain of the Group's buildings which had an aggregate net carrying value at the end of the reporting period of approximately RMB1,717,000 (2014: RMB1,861,000) (note 13);

(iii) the pledge of the Group's bills receivable at the end of the reporting period of RMB1,691,000 (2014: RMB24,880,000) (note 16);and

(iv) no pledge of the Group's time deposits at the end of the reporting period (2014: RMB22,126,000) (note 19).

A director of the Company, Jiang Peizhen, has guaranteed certain of the Group's bank loans up to RMB20,000,000 (2014: Nil) as at the end of the reporting period (note 32(b)).

23. GOVERNMENT GRANTS

	2015 **RMB'000**	2014 RMB'000
At beginning of year	**3,904**	3,239
Addition during the year	**–**	1,000
Recognised as income during the year	**(1,076)**	(335)
At end of year	**2,828**	3,904
Current	**366**	410
Non-current	**2,462**	3,494
	2,828	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 the statement of profit or loss over the expected useful lives of the relevant assets.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

24. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

	Deferred tax assets								Deferred tax liabilities			
	Advertising expenses RMB'000	Impairment of other receivables RMB'000	Impairment of inventories RMB'000	Accrued expenses RMB'000	Accrued employee benefits RMB'000	Unrealised profit attributable to the intra-group transactions RMB'000	Government grants RMB'000	Deferred tax assets total RMB'000	Withholding taxes RMB'000	Fair value adjustment on acquisition of a subsidiary RMB'000	Deferred tax liabilities total RMB'000	Total RMB'000
At 1 January 2014	68	163	377	8,002	662	613	486	10,371	-	-	-	10,371
Deferred tax credited/ (charged) to the statement of 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 27)	-	-	-	-	-	-	-	-	-	(2,704)	(2,704)	(2,704)
Disposal of a subsidiary (note 28)	-	-	-	-	-	-	-	-	-	2,704	2,704	2,704
At 31 December 2014 and 1 January 2015	87	163	318	6,799	2,007	573	586	10,533	(79)	-	(79)	10,454
Deferred tax credited/ (charged) to the statement of profit or loss during the year (note 10)	**(87)**	**(114)**	**(116)**	**6,070**	**(178)**	**137**	**(162)**	**5,550**	**(8,711)**	**-**	**(8,711)**	**(3,161)**
31 December 2015	**-**	**49**	**202**	**12,869**	**1,829**	**710**	**424**	**16,083**	**(8,790)**	**-**	**(8,790)**	**7,293**

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.

24. DEFERRED TAX *(Continued)*

At 31 December 2015, deferred tax of RMB8,790,000 (2014: 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.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

25. SHARE CAPITAL

	2015 RMB'000	2014 RMB'000
Issued and fully paid:		
204,413,000 (2014: 3) ordinary shares	**31**	–
Issued but not paid:		
544,770,000 (2014: 3) ordinary shares	**84**	–
	115	–

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

25. SHARE CAPITAL *(Continued)*

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000	Share premium account RMB'000	Total RMB'000
At 2 September 2014 (date of incorporation)	1	–	–	–
Issue of shares	2	–	–	–
At 31 December 2014 and 1 January 2015 (note (a))	3	–	–	–
Share sub-division (note (b))	120,000	–	–	–
Issue of shares to shareholders (note (c))	544,650,000	84	–	84
Issue of shares (note (d))	204,413,000	31	741,801	741,832
Share issue expenses	–	–	(30,437)	(30,437)
At 31 December 2015	749,183,000	115	711,364	711,479

Notes:

(a) 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 and one share at par of US$1.00 was issued. On 4 October 2014 and 16 December 2014, the Company issued one share of par value US$1.00, respectively. As at 31 December 2014, the issued share capital of the Company was US$3 (equivalent to RMB18) with 3 shares of US$1.00 each.

(b) On 13 February 2015, every one issued and unissued share of the Company of US$1.00 par value 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.

(c) 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.

(d) In connection with the Company's global offering, 181,590,000 shares with a nominal value of US$0.000025 each were issued at a price of HK$4.60 per share for a total cash consideration, before underwriting fees, commissions and related expenses, of approximately HK$835,314,000. Dealings in the shares of the Company on the Stock Exchange commenced on 15 July 2015. In connection with the partial exercise of the over-allotment option by the sole global coordinator for the global offering, 22,823,000 additional shares with a nominal value of US$0.000025 each were issued at a price of HK$4.60 per share for a total cash consideration, before underwriting fees, commissions and related expenses, of approximately HK$104,985,800.

26. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 71 of this report.

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 2015 are set out in the consolidated statement of changes in equity.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

27. 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 13)	35,562
Intangible assets	3,549
Prepaid land lease payments (note 14)	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 24)	(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 the statement of 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 the statement of profit or loss during the year ended 31 December 2014.

27. BUSINESS COMBINATION (CONTINUED)

Acquisition in 2014 (continued)

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 28).

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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

28. DISPOSAL OF A SUBSIDIARY

Disposal in 2014

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 13)	34,297
Intangible assets	3,383
Prepaid land lease payments (note 14)	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 24)	(2,704)
	11,494
Non-controlling interests	(505)
Gain on disposal of a subsidiary (note 5)	546
	11,535
Satisfied by:	
Cash	11,535

28. DISPOSAL OF A SUBSIDIARY (CONTINUED)

Disposal in 2014 (continued)

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)

29. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities.

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.

At 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 **RMB'000**	2014 RMB'000
Within one year	**389**	401
In the second to fifth years, inclusive	**–**	334
	389	735

31. COMMITMENTS

At the end of the reporting period, the Group did not have any significant commitments.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

32. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

	Notes	**2015 RMB'000**	2014 RMB'000
An entity significantly influenced by a director			
Golden Throat Football School			
Donation to	(i)	**60**	1,212
An entity ultimately controlled by a director			
Guangxi Weikete Biological Technology Co., Ltd. ("Weikete")			
Purchases of products	(ii)	**2,964**	–
Liuzhou Jinqing Equity Investment Centre (LLP)			
Disposal of Weikete		**–**	7,382
Repayment of loans on behalf of Weikete		**–**	10,848
Liuzhou Jingui Equity Investment Centre (LLP)			
Disposal of Weikete		**–**	4,153
Repayment of loans on behalf of Weikete		**–**	6,102
Guangxi Peizhen Investment Consulting Co., Ltd. ("Peizhen Investment")			
Transfer of a funding right of Golden Throat Football School to		**–**	473
Disposal of property, plant and equipment to		**–**	80
Disposal of prepaid land lease payments to		**–**	1,270
Director			
Jiang Peizhen			
Transfer of an amount due from Weikete to		**–**	28,442
Transfer of an amount due from Peizhen Investment to		**–**	1,823
Offset of amounts due from and amounts due to		**–**	30,265

Notes:

(i) The donation was made based on mutual agreement.

(ii) The purchases from a related party were made according to the published prices and conditions offered by the related party to their major customers.

32. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Other transactions with related parties:

A director of the Company, Jiang Peizhen, has guaranteed certain of the Group's bank loans up to RMB20,000,000 (2014: Nil) as at the end of the reporting period (note 22).

(c) Outstanding balances with related parties:

(i) The Group had an outstanding balance due from related parties of RMB541,000 (2014: RMB3,673,000) as at the end of the reporting period. Out of the outstanding balance, RMB457,000 is unsecured, non-interest-bearing and will be settled by offsetting the liabilities arising from purchase of raw materials from the related parties in future. The remaining outstanding balance of RMB84,000 is capital injection due from the shareholders, which is unsecured, non-interest-bearing and repayable on demand.

(ii) The Group had an outstanding balance due to a director of RMB96,000 (2014: RMB188,000) as at the end of the reporting period. The balance is unsecured, non-interest-bearing and repayable on demand.

(iii) The Group had outstanding balances due to related parties of RMB110,000 (2014: RMB7,585,000) as at the end of the reporting period. The balances are unsecured, non-interest-bearing and repayable on demand.

(d) Compensation of key management personnel of the Group:

	2015	2014
	RMB'000	RMB'000
Short-term employee benefits	**7,666**	7,256
Pension scheme contributions	**354**	324
Total compensation paid to key management personnel	**8,020**	7,580

Further details of directors' remuneration are included in note 8 to the financial statements.

The related party transactions in respect of purchases of products from Weikete above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

2015

	Loans and receivables RMB'000	**Available-for-sale financial assets RMB'000**	**Total RMB'000**
Trade and bills receivables	**372,275**	**–**	**372,275**
Financial assets included in prepayments, deposits and other receivables	**5,710**	**–**	**5,710**
Due from related parties	**541**	**–**	**541**
Available-for-sale investments	**–**	**82**	**82**
Cash and cash equivalents	**754,664**	**–**	**754,664**
	1,133,190	**82**	**1,133,272**

2014

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total 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

33. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial liabilities at amortised cost

	2015 **RMB'000**	2014 RMB'000
Trade payables	**10,302**	19,773
Financial liabilities included in other payables and accruals	**96,496**	84,701
Interest-bearing bank borrowings	**91,691**	94,780
Due to a director	**96**	188
Due to related parties	**110**	7,585
Dividend payable	**–**	137,720
	198,695	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 each reporting date, 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(Continued)*

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 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 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Available-for-sale investments	**82**	**–**	**–**	**82**

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total 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 2015 (2014: Nil).

During the year, 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 (2014: Nil).

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, foreign currency 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
2015		
RMB	**50**	**(450)**
RMB	**(50)**	**450**
2014		
RMB	50	(350)
RMB	(50)	350

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Hong Kong dollar exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in rate of foreign currency %	Increase/ (decrease) in profit before tax RMB'000
2015		
If RMB weakens against the Hong Kong dollar	**5**	**7,000**
If RMB strengthens against the Hong Kong dollar	**(5)**	**(7,000)**

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, amounts due from related parties and other receivables, 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 16 and 17 to the financial statements.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

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 the reporting period, based on the contractual undiscounted payments, is as follows:

2015

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
Interest-bearing bank borrowings	–	71,517	20,558	–	–	92,075
Trade payables	6,395	3,907	–	–	–	10,302
Financial liabilities included in other payables and accruals	8,735	80,574	7,187	–	–	96,496
Due to a director	96	–	–	–	–	96
Due to related parties	110	–	–	–	–	110
	15,336	155,998	27,745	–	–	199,079

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(continued)*

2014

	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	Total 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 years ended 31 December 2015 and 2014.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management *(continued)*

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 ratios as at the end of the reporting periods were as follows:

	2015 RMB'000	2014 RMB'000
Interest-bearing bank borrowings	**91,691**	94,780
Trade payables	**10,302**	19,773
Other payables and accruals	**170,675**	172,322
Due to a director	**96**	188
Due to related parties	**110**	7,585
Less: Cash and cash equivalents	**(754,664)**	(127,163)
Net (cash)/debt	**(481,790)**	167,485
Equity attributable to owners of the parent	**968,445**	91,352
Capital and net (cash)/debt	**486,655**	258,837
Gearing ratio	**N/A**	65%

36. EVENTS AFTER THE REPORTING PERIOD

(a) The Board proposed a final dividend of HK$0.06 per ordinary share totalling HK$45,000,000 to the shareholders of the Company.

(b) On 15 February 2016, the Company has entered into the Framework Agreement on strategic cooperation with Jointown Pharmaceutical Group Co., Ltd. ("Jointown"), based on both parties' mutual desire for joint development. Pursuant to the Framework Agreement, the Company shall grant exclusive agency rights to Jointown for the sales and distribution of the Group's certain types of products within mainland of the PRC through Jointown's pharmaceutical distribution network, but such rights shall not include Jointown's right to engage any sub-distributors outside of its distribution network. The term of the Framework Agreement is six years, commencing from 1 January 2016 till 31 December 2021.

(c) On 17 February 2016, the Group established a subsidiary, Guangxi Golden Throat Food Co., Ltd., with registered capital of RMB2,000,000.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 December 2015

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015 RMB'000	2014 RMB'000
CURRENT ASSETS		
Prepayments, deposits and other receivables	**568**	–
Due from a subsidiary	**215,100**	–
Due from related parties	**84**	–
Cash and cash equivalents	**503,526**	–
Total current assets	**719,278**	–
CURRENT LIABILITIES		
Other payables and accruals	**5,424**	–
Total current liabilities	**5,424**	–
NET CURRENT ASSETS	**713,854**	–
TOTAL ASSETS LESS CURRENT LIABILITIES	**713,854**	–
Net assets	**713,854**	–
EQUITY		
Share capital	**115**	–
Reserves (note)	**713,739**	–
Total equity	**713,854**	–

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account RMB'000	Exchange fluctuation reserves RMB'000	Retained profits RMB'000	Total RMB'000
At 2 September 2014 (date of incorporation), 31 December 2014 and 1 January 2015	–	–	–	–
Loss for the year	–	–	(40,735)	(40,735)
Other comprehensive income for the year:				
Exchange differences on translation of foreign operations	–	43,110	–	43,110
Total comprehensive income/(loss) for the year	–	43,110	(40,735)	2,375
Issue of shares	741,801	–	–	741,801
Share issue expenses	(30,437)	–	–	(30,437)
At 31 December 2015	**711,364**	**43,110**	**(40,735)**	**713,739**

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board on 30 March 2016.

FOUR YEAR FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last four financial years, as extracted from the published audited financial statements, is set out below.

	Year ended 31 December			
	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000
RESULTS				
CONTINUING OPERATIONS				
REVENUE	**706,922**	606,801	548,857	587,802
Cost of sales	**(184,818)**	(176,893)	(181,994)	(210,185)
Gross profit	**522,104**	429,908	366,863	377,617
PROFIT BEFORE TAX	**202,423**	156,838	92,243	128,502
Income tax expense	**(47,805)**	(35,128)	(22,325)	(25,658)
PROFIT FOR THE YEAR	**154,618**	121,710	69,918	102,844
Attributable to:				
Owners of the parent	**154,618**	121,893	69,918	102,844
Non-controlling interests	**–**	(183)	–	–
	154,618	121,710	69,918	102,844

ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS

	As at 31 December			
	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000
TOTAL ASSETS	**1,301,440**	568,026	590,726	645,418
TOTAL LIABILITIES	**(332,995)**	(476,674)	(423,713)	(211,087)
NON-CONTROLLING INTERESTS	**–**	–	–	–
	968,445	91,352	167,013	434,331