

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

**BBI LIFE SCIENCES CORPORATION**  
**BBI生命科學有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 1035)**

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

**ANNUAL RESULTS HIGHLIGHTS**

- For the year ended 31 December 2014, the revenue of the Group was approximately RMB253.19 million, representing an increase of 15.1% as compared with approximately RMB219.99 million for 2013.
- For the year ended 31 December 2014, the gross profit increased by 17.4% from approximately RMB111.09 million in 2013 to approximately RMB130.36 million.
- For the year ended 31 December 2014, the profit of the Group decreased by 15.0% from approximately RMB42.35 million in 2013 to approximately RMB35.98 million. After deducting non-recurring one-off gains and expenses (including listing expenses, the gain from the disposal of 31% equity interest in Shanghai PrimeGene Bio-Tech Co., Ltd. and share-based payment (in tax exclusive terms)), the adjusted net profit was approximately RMB46.93 million, representing a year-on-year increase of 10.8% from approximately RMB42.35 million in 2013.
- For the year ended 31 December 2014, profit attributable to owners of the Company decreased by 17.3% from approximately RMB40.25 million recorded in 2013 to approximately RMB33.29 million. After deducting the aforesaid three items of non-recurring one-off gains and expenses, the adjusted net profit increased by 10.20% from approximately RMB40.25 million in 2013 to approximately RMB44.37 million.

## **POSITIONING OF THE COMPANY**

BBI Life Sciences Corporation (the “**Company**”), a well-recognised supplier of life science research products and services in China, is committed to providing the most comprehensive product and service portfolios for colleges and universities, pharmaceutical and biotech companies, research institutes and hospitals. The Company and its subsidiaries (collectively, the “**Group**”) mainly engages in the following businesses: (1) DNA synthesis products; (2) genetic engineering services; (3) life sciences research consumables and (4) protein and antibody related products and services (the “**Four Business Segments**”). The overall gross profit margin of the Group remains at a level of more than 50%. Leveraging on its quality and cost-effective products and services under “Sangon” and “BBI” brands as well as efficient delivery, the Group has been highly acknowledged by customers in both domestic and overseas markets.

## **SUCCESSFUL LISTING IN DECEMBER 2014**

2014 is a banner year for the Group. The shares of the Company have been listed on the Stock Exchange since 30 December 2014. The successful listing, marking a huge step of the Group toward capital internationalization, enhanced the capital strength and corporate governance of the Group and laid a solid foundation for future development. During the year ended 31 December 2014 (the “**Reporting Period**”), the Group achieved sound operation performance and maintained a stable growth due to the continuous and strong support for the life science sector from the government, further increases in research and development expenses on life science by public and private institutions, private investment in product innovation and development and research, and medical expenses per capita in China, enhancement of health awareness, together with the promotion of business development and technology upgrade by the Group.

## **BUSINESS REVIEW**

During the Reporting Period, the overall revenue of the Group was approximately RMB253.19 million, representing an increase of 15.1% as compared with RMB219.99 million for 2013. The overall gross profit and the overall gross profit margin increased by 17.4% and one percentage point from RMB111.09 million and 50.5% for the previous year to RMB130.36 million and 51.5%. The increase in gross profit margin was attributable to continuous and stable increase in revenue and the active control over production costs of the Company during the period. During the Reporting Period, profit attributable to equity holders of the Company was approximately RMB33.29 million. After deducting non-recurring one-off gains and expenses, including listing expenses of RMB23.33 million, approximately RMB26.39 million of gain from the disposal of 31.0% equity interest in Shanghai PrimeGene Bio-Tech Co., Ltd. and share-based payment of approximately RMB13.49 million, the adjusted profit attributable to equity holders of the Company was RMB44.37 million, representing a year-on-year increase of 10.2%.

During the Reporting Period, the revenue of DNA synthesis products, genetic engineering services, life sciences research consumables and protein and antibody related products and services accounted for approximately 39.8%, 19.4%, 30.6% and 10.2% respectively of the total revenue of the Group.

## Results Analysis of the Four Business Segments

### 1. *DNA Synthesis Products*

#### *Results*

During the Reporting Period, the revenue of DNA synthesis products was RMB100.81 million, representing a year-on-year increase of 10.6%, mainly attributable to the further expansion of product portfolio and increase in orders due to excellent product quality and prompt delivery. During the Reporting Period, the automatic DNA synthesis system independently developed by the Group effectively improved production efficiency and the gross profit margin increased to 59.9% from 54.8% for 2013.

#### *Development Strategies*

Given that the Group, as a leading player in the industry with strong market reputation, has a direct sales network and extensive coverage of support services, and that the industry has high entry barriers, the market environment is stable. Driven by market demand, the market of DNA synthesis products in China will achieve rapid development due to the lower cost and price of oligonucleotide synthesis and gene synthesis as a result of technology development and increasingly stronger support to life science research and development from public and private institutions. According to an independent market research report, the compound annual growth rate (“CAGR”) of the DNA synthesis market in China from 2015 to 2018 will reach 11.6%. The Group is expected to further benefit from market demand and achieve stable development.

In 2015, the Group will strive to maintain its leadership in the market of DNA synthesis products by accelerating technology investment so as to offer cost-effective products and services. As for the segment of DNA synthesis products, we will focus on the development of high-throughput gene synthesis technology, which is targeted to be put into operation at the end of 2015. The high-throughput gene synthesis technology can improve the efficiency and success rate of gene synthesis and reduce costs so as to enhance product competitiveness in the market.

### 2. *Genetic Engineering Services*

#### *Results*

During the Reporting Period, the genetic engineering services achieved a revenue of RMB49.07 million, representing a year-on-year increase of 17.2%, while the gross profit margin reached 51.8%, 3.5 percentage points higher year-on-year. The increases in both revenue and profit margin were mainly attributable to the further expansion of service portfolio of the Group, especially the offer of additional services with higher sales potential and the efforts to improve the technologies and increase internal production efficiency, which enabled us to maintain a stable growth.

### *Development Strategies*

With the development in science, new applications of DNA sequencing have been developed and the customers of and market demand for DNA sequencing have rapidly increased. In addition, the introduction of new technologies lowered service prices and more and more customers used next-generation sequencing data in their research, which facilitated large-scale research projects and brought more commercial opportunities to the Group. It is expected that by 2018, the total revenue of the genetic engineering market in China will reach RMB3,923.3 million with a CAGR (2015 to 2018) of 27.2%. The Group will continue to expand product and service portfolios and strive to achieve cross-selling by making full use of the synergy with DNA synthesis products. Moreover, catering to the prosperous growth of the market, the Group will increase DNA sequencing and next-generation sequencing production equipment in the new plant with an expansion plan in the production base in Shanghai. The new plant is expected to be put into operation in 2016 in response to the increase in the number of customers and orders, and to provide quality products and services with prompt delivery capability.

### **3. *Life Sciences Research Consumables***

#### *Results*

During the Reporting Period, this business segment achieved a revenue of RMB77.45 million, representing a year-on-year increase of 9.3%. The gross profit margin slightly decreased by 4.3 percentage points year-on-year. The decrease was mainly attributable to the renovation of old plants and equipment for laboratory consumables to meet the need for expanding the product portfolio of the Company.

#### *Development Strategies*

The Group will continue to develop different types of research consumables, such as molecular biology enzymes and research kits, based on market demand, and plans to develop more than 30 types of enzyme tools by the end of 2016 and develop more than 20 types of research kits every year. Currently, the research and development team has started to develop research kits for microbiological detection as planned, which will not only enrich the Group's product portfolio of life sciences research consumables, but also offer customers more diversified options.

#### **4. *Protein and Antibody Related Products and Services***

##### *Results*

This business segment achieved a revenue of RMB25.86 million in 2014, representing a year-on-year increase of 60%. The gross profit margin reached 34.5%, representing a year-on-year increase of 1.5 percentage points, mainly attributable to the fact that the gross profit margin has not reached a relatively stable level as the Group is at the early stage of business development.

##### *Development Strategies*

Protein and antibody related products and services will be the key business segment to be developed by the Group in 2015. Faced with the relatively substantial development potential of protein and antibody related products and services market in China, the Group will further expand the market, customer base and sales network by leveraging on its brand advantage and sound financial resources with an aim to be one of the well-known suppliers of the market of protein and antibody related products and services. As for research and development and production, the Group has planned to develop approximately 2,000 types of antibodies and 500 types of recombinant proteins both for life sciences research during the next two years for the use in the research fields of testing, analysis and diagnostics to meet market demand based on the sales of and demand for new products.

The board of directors (the “**Board**”) of the Company is pleased to announce the audited consolidated results of the Group for the Reporting Period, together with the comparative figures for the year 2013 as follows:

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December	
		2014 <i>RMB'000</i>	2013 <i>RMB'000</i>
Revenue	3	253,193	219,988
Cost of sales	4	<u>(122,830)</u>	<u>(108,898)</u>
<b>Gross profit</b>		<b>130,363</b>	111,090
Selling and distribution costs	4	(46,201)	(36,484)
Administrative expenses	4	(66,583)	(29,393)
Other income – net	5	828	883
Other losses – net	5	<u>(726)</u>	<u>(1,283)</u>
<b>Operating profit</b>		<b>17,681</b>	44,813
Finance income	6	3,158	1,081
Finance costs	6	<u>(1,686)</u>	<u>(1,020)</u>
<b>Finance income – net</b>	6	<b>1,472</b>	61
Share of profit of an associate		1,734	4,702
Gain on disposal of an associate		<u>26,386</u>	<u>–</u>
<b>Profit before income tax</b>		<b>47,273</b>	49,576
Income tax expense	7	<u>(11,295)</u>	<u>(7,229)</u>
<b>Profit for the year</b>		<b>35,978</b>	42,347
<b>Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss			
– Currency translation differences		<u>(628)</u>	<u>(2,023)</u>
<b>Total comprehensive income for the year</b>		<b>35,350</b>	40,324
<b>Total profit attributable to:</b>			
Equity holders of the Company		33,290	40,249
Non-controlling interests		<u>2,688</u>	<u>2,098</u>
		<b>35,978</b>	42,347

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** *(continued)*

		<b>Year ended 31 December</b>	
	<i>Note</i>	<b>2014</b>	<b>2013</b>
		<i>RMB'000</i>	<i>RMB'000</i>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the Company		<b>32,670</b>	38,439
Non-controlling interests		<b>2,680</b>	1,885
		<u><b>35,350</b></u>	<u>40,324</u>
<b>Earnings per share for profit attributable to equity holders of the Company (expressed in RMB per share)</b>			
– Basic	8	<u><b>0.084</b></u>	<u>0.102</u>
– Diluted	8	<u><b>0.084</b></u>	<u>0.102</u>
<b>Dividends</b>	9	<u><b>3,311</b></u>	<u>–</u>

## CONSOLIDATED BALANCE SHEET

		As at 31 December	
	Note	2014	2013
		RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	116,540	114,689
Land use rights		30,849	31,520
Intangible assets	11	2,863	641
Investment in an associate	12	–	20,425
Deferred income tax assets		2,491	1,844
Other non-current assets	13	14,063	364
		<u>166,806</u>	<u>169,483</u>
<b>Current assets</b>			
Inventories	14	43,469	41,938
Trade and bills receivables	15	54,333	41,905
Prepayments, deposits and other receivables	13	138,469	8,745
Due from related parties		–	1,999
Cash and cash equivalents		195,821	109,556
		<u>432,092</u>	<u>204,143</u>
<b>Total assets</b>		<u><b>598,898</b></u>	<u><b>373,626</b></u>
<b>EQUITY</b>			
Share capital	16	4,142	89,631
Share premium	16	445,429	191,363
Other reserves		(74,964)	(82,416)
Retained earnings			
– proposed final dividend		3,311	–
– others		116,193	90,254
		<u>494,111</u>	<u>288,832</u>
<b>Non-controlling interests</b>		<u><b>39</b></u>	<u><b>12,921</b></u>
<b>Total equity</b>		<u><b>494,150</b></u>	<u><b>301,753</b></u>



**CONSOLIDATED BALANCE SHEET** *(continued)*

		<b>As at 31 December</b>	
	<i>Note</i>	<b>2014</b>	2013
		<i>RMB'000</i>	<i>RMB'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		4,217	3,553
Deferred income		1,361	1,375
		<u>5,578</u>	<u>4,928</u>
<b>Current liabilities</b>			
Trade payables	17	5,908	6,824
Accruals and other payables	18	92,887	59,881
Due to related parties		–	24
Current portion of deferred income		375	216
		<u>99,170</u>	<u>66,945</u>
<b>Total liabilities</b>		<u><u>104,748</u></u>	<u><u>71,873</u></u>
<b>Total equity and liabilities</b>		<u><u>598,898</u></u>	<u><u>373,626</u></u>
<b>Net current assets</b>		<u><u>332,922</u></u>	<u><u>137,198</u></u>
<b>Total assets less current liabilities</b>		<u><u>499,728</u></u>	<u><u>306,681</u></u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						
	Share capital <i>RMB'000</i>	Share premium <i>RMB'000</i>	Other reserves <i>RMB'000</i>	Retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>	Non- controlling interests <i>RMB'000</i>	Total Equity <i>RMB'000</i>
Balance at 1 January 2013	–	–	127,829	54,246	182,075	11,036	193,111
<b>Comprehensive income</b>							
Profit for the year	–	–	–	40,249	40,249	2,098	42,347
Currency translation differences	–	–	(1,810)	–	(1,810)	(213)	(2,023)
<b>Total comprehensive income</b>	–	–	(1,810)	40,249	38,439	1,885	40,324
<b>Transactions with owners</b>							
Reorganisation	89,631	191,363	(280,994)	–	–	–	–
Capital injection by then equity holder of a subsidiary	–	–	31,730	–	31,730	–	31,730
Capitalisation of amounts due to then shareholders of a subsidiary	–	–	36,588	–	36,588	–	36,588
Appropriation to statutory reserve	–	–	4,241	(4,241)	–	–	–
<b>Total transactions with owners</b>	89,631	191,363	(208,435)	(4,241)	68,318	–	68,318
<b>Balance at 31 December 2013</b>	<u>89,631</u>	<u>191,363</u>	<u>(82,416)</u>	<u>90,254</u>	<u>288,832</u>	<u>12,921</u>	<u>301,753</u>
Balance at 1 January 2014	89,631	191,363	(82,416)	90,254	288,832	12,921	301,753
<b>Comprehensive income</b>							
Profit for the year	–	–	–	33,290	33,290	2,688	35,978
Currency translation differences	–	–	(620)	–	(620)	(8)	(628)
<b>Total comprehensive income</b>	–	–	(620)	33,290	32,670	2,680	35,350
<b>Transactions with owners</b>							
Share-based payment	–	–	10,508	–	10,508	341	10,849
Acquisition of non-controlling interests	–	–	(6,476)	–	(6,476)	(14,187)	(20,663)
Issue of new shares	345	89,286	–	–	89,631	–	89,631
Repurchase of old shares	(89,631)	–	–	–	(89,631)	–	(89,631)
Dividends declared by the subsidiary of the Group	–	–	–	–	–	(1,716)	(1,716)
Appropriation to statutory reserve	–	–	4,040	(4,040)	–	–	–
Capitalisation issue	2,762	(2,762)	–	–	–	–	–
Issue of new shares upon Global Offering	1,035	167,542	–	–	168,577	–	168,577
<b>Total transactions with owners</b>	(85,489)	254,066	8,072	(4,040)	172,609	(15,562)	157,047
<b>Balance at 31 December 2014</b>	<u>4,142</u>	<u>445,429</u>	<u>(74,964)</u>	<u>119,504</u>	<u>494,111</u>	<u>39</u>	<u>494,150</u>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Net cash generated from operating activities	<u>50,355</u>	<u>61,046</u>
Net cash generated from investing activities	<u>12,805</u>	<u>2,822</u>
Net cash generated from/(used in) financing activities	<u>22,821</u>	<u>(9,684)</u>
<b>Net increase in cash and cash equivalents</b>	<b>85,981</b>	54,184
Cash and cash equivalents at beginning of the year	<b>109,556</b>	55,249
Effect of foreign exchange rate changes on cash and cash equivalents	<u>284</u>	<u>123</u>
<b>Cash and cash equivalents at end of the year</b>	<b><u>195,821</u></b>	<b><u>109,556</u></b>

Notes:

## **1. GENERAL INFORMATION**

The Company was incorporated in the Cayman Islands on 10 July 2013 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office was Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1111, Cayman Islands. In September 2014, the Company's registered office was changed to Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company's shares have been listed on the Main Board of the Stock Exchange since 30 December 2014.

The Group is principally engaged in the development, manufacture and sale of various life science products used in scientific research, and the provision of life science related services. The products and services include mainly DNA synthesis products, genetic engineering services, life science research consumables and protein and antibody related products and services (the "**Listing Business**").

These consolidated financial statements are presented in Renminbi (RMB), unless otherwise stated, and were approved for issue by the Board of Directors on 17 March 2015.

## **2. BASIS OF PREPARATION**

### **2.1 Basis of preparation**

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap.32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

## 2.2 Changes in accounting policy and disclosures

- (a) New standards, amendments and interpretations mandatory for the first time for the financial year beginning 1 January 2014 but not currently relevant to the Group (although they may affect the accounting for future transactions and events).

		<b>Effective for annual periods beginning on or after</b>
Amendment to HKAS 32	Financial instruments: Presentation on asset and liability offsetting	1 January 2014
Amendments to HKFRSs 10, 12 and HKAS 27	Consolidation for investment entities	1 January 2014
Amendment to HKAS 36	Impairment of assets on recoverable amount disclosures	1 January 2014
Amendment to HKAS 39	Financial instruments: Recognition and measurement – novation of derivatives	1 January 2014
HK(IFRIC) 21	Levies	1 January 2014

- (b) New and amended standards have been issued but are not effective for the financial year beginning on or after 1 January 2014 and have not been early adopted.

		<b>Effective for annual periods beginning on or after</b>
Amendment to HKAS 19	Defined benefits	1 July 2014
Amendments to HKFRS 10	Consolidated financial statements	1 January 2016
Amendment to HKFRS 11	Joint arrangements	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to HKAS 16	Property, plant and equipment	1 January 2016
Amendment to HKAS 27	Consolidated and separate financial statements	1 January 2016
Amendments to HKAS 28	Investment in associates	1 January 2016
Amendments to HKAS 38	Intangible assets	1 January 2016
Amendments to HKAS 41	Agriculture	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial Instruments	1 January 2018

Apart from the above, the Hong Kong Institute of Certified Public Accountants has issued the annual improvements project which addresses several issues in the 2010-2012 reporting cycle, 2011-2013 reporting cycle, 2012-2014 reporting cycle, and includes changes to the following standards. The Group has not applied the following revised HKFRSs published in the annual improvements project.

		<b>Effective for annual periods beginning on or after</b>
HKFRS 2	Share-based payment	1 July 2014
HKFRS 3	Business combinations	1 July 2014
HKFRS 8	Operating segments	1 July 2014
HKFRS 9	Financial instruments	1 July 2014
HKFRS 13	Fair value measurement	1 July 2014
HKAS 16	Property, plant and equipment	1 July 2014
HKAS 24	Related Party Disclosures	1 July 2014
HKAS 37	Provisions, contingents liabilities and contingent assets	1 July 2014
HKAS 38	Intangible assets	1 July 2014
HKAS 39	Financial instrument – recognition and measurement	1 July 2014
HKAS 40	Investment property	1 July 2014
HKFRS 5	Non-current assets held for sale and discontinued operations	1 July 2016
HKFRS 7	Financial instruments: Disclosures	1 July 2016
HKAS 19	Employee benefits	1 July 2016
HKAS 34	Interim financial reporting	1 July 2016

The Group is assessing the full impact of the amendments and standards, and doesn't expect any significant impact on the consolidated financial statements upon adoption. The Group intends to adopt the amendments no later than the respective effective dates of the amendments.

(c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap.622) come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with Section 358 of the Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap.622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

### 3. SEGMENT INFORMATION

The segment information for the year ended 31 December 2014 is as follows:

	<b>DNA synthesis products <i>RMB'000</i></b>	<b>Genetic engineering services <i>RMB'000</i></b>	<b>Life science research consumables <i>RMB'000</i></b>	<b>Protein and antibody related products and services <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>
Segment sales	<u>100,812</u>	<u>49,069</u>	<u>77,453</u>	<u>25,859</u>	<u>253,193</u>
Segment cost of sales	<u>(40,396)</u>	<u>(23,630)</u>	<u>(41,856)</u>	<u>(16,948)</u>	<u>(122,830)</u>
Segment gross profit	<u>60,416</u>	<u>25,439</u>	<u>35,597</u>	<u>8,911</u>	<u>130,363</u>

The segment information for the year ended 31 December 2013 is as follows:

	<b>DNA synthesis products <i>RMB'000</i></b>	<b>Genetic engineering services <i>RMB'000</i></b>	<b>Life science research consumables <i>RMB'000</i></b>	<b>Protein and antibody related products and services <i>RMB'000</i></b>	<b>Total <i>RMB'000</i></b>
Segment sales	<u>91,117</u>	<u>41,872</u>	<u>70,838</u>	<u>16,161</u>	<u>219,988</u>
Segment cost of sales	<u>(41,226)</u>	<u>(21,661)</u>	<u>(35,181)</u>	<u>(10,830)</u>	<u>(108,898)</u>
Segment gross profit	<u>49,891</u>	<u>20,211</u>	<u>35,657</u>	<u>5,331</u>	<u>111,090</u>

#### 4. EXPENSES BY NATURE

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Employee benefit expenses	76,282	56,444
Raw materials used	78,881	69,657
Changes in inventories of finished goods and work in progress	(197)	(1,075)
Depreciation and amortisation charges	13,060	11,111
Reversal of provision for impairment of trade and bills receivables ( <i>Note 15</i> )	(991)	(987)
Provision for write-down of inventory ( <i>Note 14</i> )	18	1,428
Transportation expenses	7,462	6,082
Utilities	2,880	1,952
Professional service fees	2,194	2,336
Research and development expenses	12,700	10,208
Taxes and surcharges	1,884	2,462
Operating leases	1,286	919
Office expenses	3,179	2,241
Auditor's remuneration	1,385	287
Listing expenses	23,325	–
Other expenses	12,267	11,710
	<u>235,614</u>	<u>174,775</u>
Total cost of sales, selling and distribution costs and administrative expenses		

#### 5. OTHER INCOME AND LOSSES

##### Other income – net

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Government grants	303	298
Amortisations of deferred income	525	585
	<u>828</u>	<u>883</u>

##### Other losses – net

	Year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Losses on disposal of property, plant and equipment – net	(139)	(440)
Exchange losses, net	(584)	(838)
Others	(3)	(5)
	<u>(726)</u>	<u>(1,283)</u>



## 6. FINANCE INCOME – NET

	Year ended 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Finance costs		
– Interest expense on bank borrowings	–	(335)
– Net foreign exchange losses	(417)	(225)
– Other finance costs	(1,269)	(460)
	<u>(1,686)</u>	<u>(1,020)</u>
Finance income		
– Interest income on available-for-sale financial assets	1,876	666
– Interest income on bank deposits	743	415
– Other finance income	539	–
	<u>3,158</u>	<u>1,081</u>
Net finance income	<u>1,472</u>	<u>61</u>

## 7. INCOME TAX EXPENSE

	Year ended 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	11,278	6,329
Deferred income tax	17	900
Income tax expense	<u>11,295</u>	<u>7,229</u>

## 8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average numbers of ordinary shares in issue during the year.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has only one category of dilutive potential ordinary shares, which is the share option plan.

For the share option plan, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the period when the options are outstanding) based on the monetary value of the subscription rights attached to outstanding options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the options.

	Year ended 31 December	
	2014	2013
Profit attributable to equity holders of the Company ( <i>RMB'000</i> )	<u>33,290</u>	<u>40,249</u>
Weighted average number of ordinary shares in issue ( <i>'000</i> )	394,216	393,497
Adjustments for share option plan ( <i>'000</i> )	<u>49</u>	<u>–</u>
Weighted average number of ordinary shares for diluted earnings per share ( <i>'000</i> )	<u>394,265</u>	<u>393,497</u>
Basic earnings per share ( <i>RMB per share</i> )	<u>0.084</u>	<u>0.102</u>
Diluted earnings per share ( <i>RMB per share</i> )	<u>0.084</u>	<u>0.102</u>

## 9. DIVIDENDS

	Year ended 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed final dividend of HK\$0.008 (2013: nil) per ordinary share	<u>3,311</u>	<u>–</u>

No dividend was declared by the Company for the year ended 31 December 2014.

The proposed final dividend in respect of the year ended 31 December 2014 of HK\$0.008 (2013: nil) per ordinary share, amounting to a total dividend of approximately HK\$ 4,197,000 (equivalent to approximately RMB3,311,000) is based on 524,663,100 ordinary shares in issue as of 31 December 2014, subject to the approval in the forthcoming annual general meeting of the Company. These financial statements do not reflect this dividend payable.

## 10. PROPERTY, PLANT AND EQUIPMENT – GROUP

	Land RMB'000	Buildings RMB'000	Machinery and equipment RMB'000	Office equipment RMB'000	Others RMB'000	Construction in progress RMB'000	Total RMB'000
<b>At 1 January 2013</b>							
Cost	7,935	62,012	60,622	3,984	6,190	–	140,743
Accumulated depreciation	–	(10,651)	(12,330)	(2,002)	(1,785)	–	(26,768)
Net book amount	<u>7,935</u>	<u>51,361</u>	<u>48,292</u>	<u>1,982</u>	<u>4,405</u>	<u>–</u>	<u>113,975</u>
<b>Year ended 31 December 2013</b>							
Opening net book amount	7,935	51,361	48,292	1,982	4,405	–	113,975
Additions	–	132	414	634	237	12,632	14,049
Transfers	–	–	10,731	144	472	(1,1347)	–
Disposals	–	(50)	(926)	(14)	(12)	–	(1,002)
Depreciation	–	(2,627)	(5,450)	(635)	(1,250)	–	(9,962)
Exchange difference	(332)	(1,074)	(911)	(21)	(33)	–	(2,371)
Closing net book amount	<u>7,603</u>	<u>47,742</u>	<u>52,150</u>	<u>2,090</u>	<u>3,819</u>	<u>1,285</u>	<u>114,689</u>
<b>At 31 December 2013</b>							
Cost	7,603	60,859	70,054	4,726	6,855	1,285	151,382
Accumulated depreciation	–	(13,117)	(17,904)	(2,636)	(3,036)	–	(36,693)
Net book amount	<u>7,603</u>	<u>47,742</u>	<u>52,150</u>	<u>2,090</u>	<u>3,819</u>	<u>1,285</u>	<u>114,689</u>
<b>Year ended 31 December 2014</b>							
Opening net book amount	7,603	47,742	52,150	2,090	3,819	1,285	114,689
Additions	–	20	1,928	371	612	13,550	16,481
Transfers	–	–	6,653	206	1,055	(7,914)	–
Disposals	–	–	(1,266)	(42)	(97)	–	(1,405)
Depreciation	–	(2,629)	(7,041)	(745)	(1,484)	–	(11,899)
Exchange difference	(597)	(720)	(3)	(1)	(5)	–	(1,326)
Closing net book amount	<u>7,006</u>	<u>44,413</u>	<u>52,421</u>	<u>1,879</u>	<u>3,900</u>	<u>6,921</u>	<u>116,540</u>
<b>At 31 December 2014</b>							
Cost	7,006	60,144	77,105	5,087	8,015	6,921	164,278
Accumulated depreciation	–	(15,731)	(24,684)	(3,208)	(4,115)	–	(47,738)
Net book amount	<u>7,006</u>	<u>44,413</u>	<u>52,421</u>	<u>1,879</u>	<u>3,900</u>	<u>6,921</u>	<u>116,540</u>

## 11. INTANGIBLE ASSETS – GROUP

	<b>Computer software</b> <i>RMB'000</i>	<b>Patent</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
<b>At 1 January 2013</b>			
Cost	793	59	852
Accumulated amortisation	(348)	(39)	(387)
	<u>445</u>	<u>20</u>	<u>465</u>
Net book amount	<u><u>445</u></u>	<u><u>20</u></u>	<u><u>465</u></u>
<b>Year ended 31 December 2013</b>			
Opening net book amount	445	20	465
Additions	–	347	347
Amortisation	(159)	(12)	(171)
	<u>286</u>	<u>355</u>	<u>641</u>
Closing net book amount	<u><u>286</u></u>	<u><u>355</u></u>	<u><u>641</u></u>
<b>At 31 December 2013</b>			
Cost	793	406	1,199
Accumulated amortisation	(507)	(51)	(558)
	<u>286</u>	<u>355</u>	<u>641</u>
Net book amount	<u><u>286</u></u>	<u><u>355</u></u>	<u><u>641</u></u>
<b>Year ended 31 December 2014</b>			
Opening net book amount	<b>286</b>	<b>355</b>	<b>641</b>
Additions	<b>2,712</b>	–	<b>2,712</b>
Amortisation	(160)	(330)	(490)
	<u>2,838</u>	<u>25</u>	<u>2,863</u>
Closing net book amount	<u><u>2,838</u></u>	<u><u>25</u></u>	<u><u>2,863</u></u>
<b>At 31 December 2014</b>			
Cost	<b>3,505</b>	<b>406</b>	<b>3,911</b>
Accumulated amortisation	(667)	(381)	(1,048)
	<u>2,838</u>	<u>25</u>	<u>2,863</u>
Net book amount	<u><u>2,838</u></u>	<u><u>25</u></u>	<u><u>2,863</u></u>

## 12. INVESTMENT IN AN ASSOCIATE – GROUP

	Year ended 31 December	
	2014 RMB'000	2013 RMB'000
At 1 January	20,425	16,033
Disposal	(14,580)	–
Dividend declared	(7,579)	(310)
Share of profit	1,734	4,702
	<u>          </u>	<u>          </u>
At 31 December	<u>          </u> –	<u>          </u> 20,425

In April 2014, the Group disposed its equity interest in Shanghai PrimeGene Bio-Tech Co., Ltd. (“PrimeGene”) to a third party company, with the consideration of USD7,114,000 and recorded a disposal gain of RMB26,386,000.

## 13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES – GROUP

	As at 31 December	
	2014 RMB'000	2013 RMB'000
Non-current:		
Receivables for disposal of an associate ( <i>Note 1</i> )	13,685	–
Others	378	364
	<u>          </u>	<u>          </u>
	<u>          </u> 14,063	<u>          </u> 364
Current:		
Prepayments for purchases of raw materials	2,979	4,143
Receivables for disposal of an associate ( <i>Note 1</i> )	9,441	–
Prepaid value-added tax, current income tax and other taxes	3,389	3,542
Receivable for IPO proceeds ( <i>Note 2</i> )	120,733	–
Others	1,927	1,060
	<u>          </u>	<u>          </u>
	<u>          </u> 138,469	<u>          </u> 8,745

*Note 1:* In April 2014, the Group disposed its equity interest in Prime Gene, an associate of the Group, to a third party company. According to the payment terms stipulated in the sales and purchase agreement, the buyer committed to pay USD1,534,000 within 1 year from the transaction date, and pay USD1,240,000 at each of the second and third anniversary of the sales transaction date.

As at 31 December 2014, part of receivables for disposal of an associate amounted to RMB20,975,000 were guaranteed by an affiliate of the acquiring company.

*Note 2:* Part of the net IPO proceeds remained at underwriter’s bank account and yet remitted to the Company as at 31 December 2014. All these proceeds were fully wired to the Company’s bank account on 9 January 2015.

#### 14. INVENTORIES – GROUP

	As at 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	30,171	28,819
Work in progress	1,201	289
Finished goods	16,431	17,146
	<u>47,803</u>	<u>46,254</u>
Less: inventory provision	(4,334)	(4,316)
	<u>43,469</u>	<u>41,938</u>

#### 15. TRADE AND BILLS RECEIVABLES – GROUP

	As at 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables	56,997	45,560
Less: provision for impairment of trade receivables	(2,664)	(3,655)
	<u>54,333</u>	<u>41,905</u>

As at 31 December 2013 and 2014, the ageing analysis of the trade and bills receivables based on invoice date was as follows:

	As at 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	38,331	29,457
3 to 6 months	9,477	6,872
6 to 12 months	7,029	6,092
Over 12 months	2,160	3,139
	<u>56,997</u>	<u>45,560</u>

## 16. SHARE CAPITAL AND SHARE PREMIUM – GROUP AND COMPANY

	<i>Note</i>	Number of ordinary shares	Nominal value of ordinary shares NT\$	Nominal value of ordinary shares HK\$	Equivalent nominal value of ordinary shares RMB'000	Share Premium RMB'000
Authorised:						
At 10 July 2013 (date of incorporation) and 31 December 2013	(i)	100,000,000	1,000,000,000	–	206,062	–
Increase	(iii)	43,497,100	–	434,971	345	–
Cancellation	(iii)	(100,000,000)	(1,000,000,000)	–	(206,062)	–
Increase	(iv)	1,956,502,900	–	19,565,029	15,441	–
		<u>2,000,000,000</u>	<u>–</u>	<u>20,000,000</u>	<u>15,786</u>	<u>–</u>
Issued:						
At 10 July 2013 (date of incorporation)	(i)	100	1,000	–	–	–
Reorganisation	(ii)	43,497,000	434,970,000	–	89,631	191,363
		<u>43,497,100</u>	<u>434,971,000</u>	<u>–</u>	<u>89,631</u>	<u>191,363</u>
Balance at 31 December 2013 and 1 January 2014		43,497,100	434,971,000	–	89,631	191,363
Issue	(iii)	43,497,100	–	434,971	345	89,286
Repurchase and cancelled	(iii)	(43,497,100)	(434,971,000)	–	(89,631)	–
Capitalisation issue	(v)	350,000,000	–	3,500,000	2,762	(2,762)
Issue upon Global Offering	(vi)	131,166,000	–	1,311,660	1,035	167,542
		<u>524,663,100</u>	<u>–</u>	<u>5,246,631</u>	<u>4,142</u>	<u>445,429</u>

- (i) The Company was incorporated on 10 July 2013 with an initial authorised share capital of NT\$1 billion divided into 100 million shares of NT\$10.00 each. On the date of incorporation, one share of NT\$10.00 was allotted and issued nil paid as subscriber's share to Offshore Incorporations (Cayman) Limited which subsequently transferred such one share to LJ Venture Ltd. at par. On the same day, 95 shares, 2 shares and 2 shares of NT\$10.00 each were allotted and issued as fully-paid at par to LJ Venture Ltd., LJ Hope Ltd. and LJ Peace Ltd., respectively.
- (ii) On 25 October 2013, the Company issued and allotted 10,988,730 shares of NT\$10.00 each to LJ Venture Ltd. in exchange for the transfer of 5,080,640 shares of US\$1.00 each of the total issued shares of BBI Asia Limited from LJ Venture Ltd. to the Company.

On 22 November 2013, the Company issued and allotted 934,041 shares, 20,356,608 shares and 2,060,372 shares of NT\$10.00 each to LJ Hope Ltd., LJ Peace Ltd. and LJ Venture Ltd. respectively, in exchange for 7,892,158 shares issued and allotted by BBI Asia Limited to the Company.

On 31 December 2013, the Company issued and allotted 8,308,372 shares, 728,001 shares and 120,876 shares of NT\$10.00 each to Qiming Venture Partners II, L. P. (“QVP II”), Qiming Venture Partners II-C, L. P. (“QVP II-C”) and Qiming Managing Directors Fund II, L. P. (“QMDF”) respectively, in exchange for the transfer of 45,325,655 shares of HK\$1.00 each in BBI International Limited from QVP II, QVP II-C and QMDF, the then shareholders of BBI International Limited to the Company.

The share premium represented the difference between the carrying value of the Company’s equity interests in the subsidiaries and the par value of ordinary shares issued, net of issuance costs.

- (iii) As approved by the Board meeting on 26 September 2014, the authorised share capital of the Company was increased by HK\$434,971 divided into 43,497,100 new ordinary shares with a par value of HK\$0.01 each. Following the increase of the authorised share capital, the Company issued an aggregate of 43,497,100 new shares to the existing shareholders of the Company at a subscription price of HK\$0.01 per share. Together with the issuance of the new shares, the Company repurchased from the existing shareholders of the Company an aggregate of 43,497,100 existing shares of NT\$10 each in issue at the same time. The 43,497,100 new shares issued at a subscription price of HK\$0.01 each constituted the consideration for the repurchase of the 43,497,100 existing shares of NT\$ 10 each.

All the 43,497,100 existing shares repurchased were cancelled. And following the repurchase, the authorised but unissued share capital with par value of NT\$10 each of the Company was cancelled. Following the cancellation, the authorised share capital of the Company became HK\$434,971 divided into 43,497,100 ordinary shares of HK\$0.01 each, all of which have been issued and allotted.

The difference of the total nominal value between the repurchased shares and the newly issued shares with the amount of RMB89,286,000 was credited as share premium of the Company.

- (iv) Pursuant to the written resolution passed by the shareholders of the Company on 8 December 2014, the authorised share capital of the Company increased from HK\$434,971 divided into 43,497,100 shares of HK\$0.01 each to HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each.
- (v) On 30 December 2014, pursuant to the written resolution passed by the shareholders of the Company on 8 December 2014, the sum of HK\$3,500,000 was capitalized from share premium account of the Company and applied in paying up in full at par of 350,000,000 shares for allotment and issue to the shareholders whose names were on the register of members of the Company at the close of business on 29 December 2014 in proportion to their respective shareholdings.
- (vi) On 30 December 2014, the Company issued 131,166,000 shares at HK\$1.75 per share in connection with its global offering and raised gross proceeds of approximately HK\$229,540,500 (equivalent to approximately RMB181,153,000). A net proceeds of approximately HK\$213,686,000 (equivalent to approximately RMB168,577,000) after deducting the capitalized listing expense was credited to share capital and share premium. The Company’s shares were listed on the Main Board of the Stock Exchange on the same day.



## 17. TRADE PAYABLES – GROUP

As at 31 December 2013 and 2014, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	5,599	6,732
3 months to 6 months	258	35
6 months to 1 year	–	1
Over 1 year	51	56
	<u>5,908</u>	<u>6,824</u>

Trade payables are non-interest bearing and are generally on terms of 30 to 60 days.

## 18. ACCRUALS AND OTHER PAYABLES – GROUP

	As at 31 December	
	Group	
	2014	2013
	<i>RMB'000</i>	<i>RMB'000</i>
Payables for purchase of property, plant and equipment	340	114
Salary and staff welfare payables	6,947	4,758
Payables for value-added tax and other taxes	3,037	1,811
Advance from customers	64,937	52,649
Payables for listing expenses	16,991	–
Other payables	635	549
	<u>92,887</u>	<u>59,881</u>

## FINANCIAL REVIEW

	<b>2014</b>	2013	
	<b><i>RMB'000</i></b>	<i>RMB'000</i>	<i>Change</i>
Revenue	<b>253,193</b>	219,988	15.09%
Gross profit	<b>130,363</b>	111,090	17.35%
Profit after income tax	<b>35,978</b>	42,347	-15.04%
Net profit excluding investment income, listing and share-based payment expenses	<b>46,934</b>	42,347	10.83%
Profit attributable to shareholders of the Company	<b>33,290</b>	40,249	-17.29%
Profit attributable to shareholders of the Company, excluding investment income, listing and share-based payment expenses	<b>44,371</b>	40,249	10.24%
Earnings per share ( <i>RMB per share</i> )	<b>0.084</b>	0.102	-17.65%

### ***Revenue***

In 2014, the Group recorded revenue of RMB253.19 million, representing an increase of 15.09% from RMB219.99 million in 2013. This is mainly contributed by the steady growth of the Four Business Segments.

### ***Gross Profit***

In 2014, the Group's gross profit increased by 17.35% to RMB130.36 million from RMB111.09 million in 2013. This is mainly contributed by the steady growth of the Company's revenue and the aggressive production costs control measures including the improvement of automation during the Reporting Period.

### ***Selling and distribution expenses***

The selling and distribution expenses increased by 26.6% to RMB46.20 million in 2014 from RMB36.48 million in 2013. This is contributed by market development and product marketing.

### ***General and administrative expenses***

In 2014, the general and administrative expenses increased by 180.8% to RMB53.88 million (excluding the research and development expenses) from RMB19.19 million (excluding the research and development expenses) in 2013. This is mainly due to the public listing expenses of RMB23.33 million and share-based payment of RMB7.06 million in 2014. Excluding the effect of these two expenses, the general and administrative expenses recorded a year-on-year increase of approximately RMB4.3 million. This is mainly due to the increase in remuneration brought along by business expansion.

### ***Research and development expenses***

The research and development expenses increased by 24.4% to RMB12.70 million from RMB10.21 million in 2013. This is mainly due to the increase in research and development investment.

### ***Income tax expenses***

The income tax expenses increased from RMB7.23 million in 2013 to RMB11.3 million in 2014. The actual tax rate increased from 14.6% in 2013 to 23.9% in 2014, mainly because the total expenses of approximately RMB13.49 million for share-based payment are not likely to be deductible for income tax and no deferred income tax asset was recognised on tax losses of certain subsidiaries.

### ***Net profit and unaudited adjusted net profit***

Due to the aforementioned reasons, the net annual profit of the Group amounted to RMB35.98 million in 2014, representing a decrease of 15.0% from RMB42.35 million in 2013. To supplement the consolidated financial statements which are presented in accordance with the HKFRS, the Group also used the unaudited adjusted net profit as an additional financial measure to evaluate the Group's financial performance by eliminating the impact of items that the Group do not consider indicative of the Group's business performance. The Group's unaudited adjusted net profit for the Reporting Period, derived by excluding non-recurring and one-off items comprising the listing expenses of RMB23.33 million and the share-based payment expenses of RMB13.49 million, and the gain of RMB26.39 million generated from the sale of 31.0% equity interest in Shanghai PrimeGene Bio-Tech Co., Ltd., and their corresponding income tax effect was RMB46.93 million in 2014, representing an increase of 10.8% from the adjusted net profit in 2013.

### ***Trade receivables***

	<b>2014</b>	2013
Trade receivables turnover (day)	<b>74</b>	71

The trade receivables of the Group remained stable under the ongoing control and management of the Company.

## *Inventories*

	<b>2014</b>	2013
Inventory turnover (day)	<b>127</b>	139

The inventory turnover of the Group is improving continuously with constant control and management.

## *Property, plant and equipment*

Property, plant and equipment include buildings, machinery equipment and construction under progress. As at 31 December 2014, the property, plant and equipment of the Group amounted to RMB116.54 million, representing an increase of RMB1.85 million from the property, plant and equipment of RMB114.69 million as at 31 December 2013. This is mainly due to the newly-built employees' dormitory and the expansion of production lines.

## *Intangible assets*

Intangible assets include computer software and patents/patented technology. As at 31 December 2014, the Group's net intangible assets amounted to RMB2.86 million, representing an increase of RMB2.22 million from RMB0.64 million as at 31 December 2013. The increase in intangible assets was mainly due to the adoption of SAP System by the Company.

## *Working capital and financial resources*

As at 31 December 2014, the cash and cash equivalents of the Group amounted to RMB195.82 million (2013: RMB109.56 million). There is no restricted fund or loan.

## *Cash flow analysis*

For the Reporting Period, the Group recorded an annual net cash inflow of RMB50.36 million generated from operating activities.

For the Reporting Period, the annual cash inflow used in investing activities of the Group was RMB12.81 million. This is mainly due to the sale of a then associate, Shanghai PrimeGene Bio-Tech Co., Ltd..

For the Reporting Period, the cash inflow in financing activities of the Group was RMB22.82 million. This is mainly due to the net proceeds of approximately RMB47.84 million from part of the amount from the initial public offering. All of the remaining amount generated from the initial public offering was remitted to the Company's account on 9 January 2015.

### ***Capital expenditure***

For the Reporting Period, the expenditure of purchasing intangible assets, namely computer software, was RMB2.7 million, while the expenditure of purchasing property, plant and equipment and of construction in process amounted to RMB16.26 million.

### ***Material acquisitions and disposals***

For the Reporting Period, the Company did not have any material acquisitions.

For the Reporting Period, the sale of all of the 31.0% equity interest in Shanghai PrimeGene Bio-Tech Co., Ltd., an associate of the Group at that time, generated gain of approximately RMB26.39 million.

### ***Contingent liabilities and guarantees***

As at 31 December 2014, the Group did not have any material contingent liabilities or guarantees.

### ***Foreign exchange risk***

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollar and United States dollar. Foreign exchange risk arises from foreign currencies held in certain overseas subsidiaries. The Group does not hedge against any fluctuation in foreign currency during the year. The management of the Group may consider entering into currency hedging transactions to manage the Group's exposure towards fluctuations in exchange rates in future.

### ***Cash flow and fair value interest rate risk***

Other than bank balances with variable interest rate, the Group has no other significant interest-bearing assets. The management of the Group does not anticipate any significant impact to interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

## ***Credit risk***

The carrying amounts of cash and cash equivalents, trade and other receivables are the Group's maximum exposure to credit risk in relation to its financial assets. The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problems.

In respect of trade and other receivables, individual credit evaluations are performed on all customers and counterparties. These evaluations focus on the counterparty's financial position, past history of making payments and take into account information specific to the counterparty as well as pertaining to the economic environment in which the counterparty operates. Monitoring procedures have been implemented to ensure that follow-up actions will be taken to recover overdue debts. We grant credit limits to certain customers in consideration of their payment history and business performance. Prepayment is usually required for orders placed over credit limits. In addition, the Group reviews the recoverable amount of each individual trade and other receivable balance at the end of the year to ensure adequate impairment losses are made for irrecoverable amounts.

## **Prospects**

In 2015, market demand for life science research products and services will increase gradually. In addition to the increased popularity of life science research products and services due to lower costs resulting from technology development, the strong government support and heightened health awareness of citizens are also the important growth momentum of the market. The Chinese government not only significantly increased its investment in research and development to RMB627.7 billion in 2013, but also issued the Notice of the State Council on Issuance of Biological Industry Development Plan in December 2012, stating that the biological industry will become the pillar industry of the national economy in 2020. Moreover, citizens have increasing health awareness and undertake health check-up more frequently, which have driven market demand in China for accurate clinical diagnosis, effective treatment methods, and innovative medicine, laying a foundation for the stable increase in demand for life science research products and services. The above favourable market factors are expected to bring considerable revenue and huge commercial opportunities to the Group, which enjoys strong brand recognition and an advantageous position in the industry.

## **Future Development Strategies**

In general, the Group mainly has five development strategies to make full use of the growth potential of the market in the future. First, the Group will further strengthen and expand the product and service portfolios of each business segment based on market demand by leveraging on its research and development capability. Second, the Group will further promote the online sales platform and upgrade the electronic commerce system to improve customers' online experience and convenience and develop an online customer base. The low-cost cross-region online sales channel will be further promoted to increase income sources. Third, the Group will continue to improve the automation level of the production process to enhance production efficiency and reduce production costs so as to strengthen the competitiveness of products and services and improve the profitability of the Group.

Fourth, the direct sales network will be further expanded by establishing more outlets in China and abroad to provide customers with better and more direct services and technical support and enhance customer relations. Fifth, the Group will build a new plant in the production base in Shanghai. The first phase, with a site area of over 8,000 sq.m., is expected to take 12 months to complete. The new plant will be used to install additional production equipment of the business segments for provision of DNA synthesis and genetic engineering services and for technology upgrade. In addition to the above strategies, the Group will seek regional breakthroughs in the process of business development, further expand sales network and explore potential merger and acquisition opportunities to increase market share and solidify its market position. Looking forward, the management of the Company is confident in the development prospect of the Group and believes that greater return for the Company and shareholders can be created in the next year.

## **EMPLOYEES**

As at 31 December 2014, the Group has a total of 894 employees. The Group has entered into employment contracts covering positions, employment conditions and terms, salary, employees' benefits, responsibility for breach of contractual obligations and reason for termination with its employees. The remuneration package of the Group's employees includes basic salary, subsidies and other employees' benefits, which are determined on the reference of the experience and working years of the employees and general situations.

## **USE OF NET PROCEEDS FROM LISTING**

Net proceeds from the listing of the Company (after deducting underwriting fee and relevant expenses) amounted to approximately HK\$219.87 million. As of 31 December 2014, none of the proceeds had been utilised. Such amounts are proposed to be used according to the allocation set out in the prospectus of the Company dated 16 December 2014.

## **FINAL DIVIDEND**

The Board recommended the payment of a final dividend of HK\$0.008 per share for the year ended 31 December 2014, subject to the approval by shareholders at the annual general meeting ("AGM") to be held on 30 April 2015. The final dividend, if approved, is expected to be paid on 30 June 2015.

## **CLOSURE OF REGISTER OF MEMBERS**

In order to determine the identity of the shareholders who are entitled to attend and vote at the forthcoming AGM to be held on 30 April 2015, the register of members of the Company will be closed from 28 April 2015 to 30 April 2015, both dates inclusive, during which period no transfer of shares will be registered. All transfer documents, accompanied by the relevant share certificates, shall be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. for registration on 27 April 2015.

In order to determine the list of shareholders entitled to receive the proposed final dividend, the register of members of the Company will also be closed from 7 May 2015 to 11 May 2015, both dates inclusive. All transfer documents, accompanied by the relevant share certificates, shall be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712- 1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. for registration on 6 May 2015.

## **CORPORATE GOVERNANCE PRACTICES**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code and the Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance.

The Company had complied with the applicable code provisions as set out in the CG Code since the date of listing of the Company on 30 December 2014 (the "**Listing Date**") on the Stock Exchange until 31 December 2014 and throughout the period to the date of publication of this announcement.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transactions. Specific enquiry has been made to all the directors and each of the directors has confirmed that he/she has complied with the Model Code from the Listing Date to 31 December 2014.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

From the Listing Date to 31 December 2014, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

## **AUDIT COMMITTEE**

We have established a Board audit committee ("**Audit Committee**"). The Audit Committee currently consists of three members, namely Mr. Xia Lijun (Chairman), Mr. Ho Kenneth Kai Chung and Mr. Liu Jianjun, who are all independent non-executive directors of the Company. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and internal controls.

The Audit Committee has, together with the management and external auditors, reviewed the accounting principles and practices adopted by the Group and the annual results for the year ended 31 December 2014.



## **ANNUAL GENERAL MEETING**

The AGM for the year ended 31 December 2014 is scheduled to be held on 30 April 2015. A notice convening the AGM will be issued and disseminated to the shareholders of the Company in due course.

## **PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2014 ANNUAL REPORT**

This annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.bbi-lifesciences.com](http://www.bbi-lifesciences.com)), and the 2014 annual report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board  
**BBI Life Sciences Corporation**  
**Wang Qisong**  
*Chairman*

Hong Kong, 17 March 2015

*As at the date of this announcement, the executive directors of the Company are Mr. WANG Qisong, Ms. WANG Luoja, and Ms. WANG Jin; the non-executive director of the Company is Mr. HU Xubo; and the independent non-executive directors of the Company are Mr. XIA Lijun, Mr. HO Kenneth Kai Chung, and Mr. LIU Jianjun.*