麗珠醫藥集團股份有限公司

LIVZON PHARMACEUTICAL GROUP INC.*

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 1513)

2014 ANNUAL RESULTS ANNOUNCEMENT

The Board of Directors (the "**Board**") of 麗珠醫藥集團股份有限公司 Livzon Pharmaceutical Group Inc.* (the "**Company**"), together with its subsidiaries (collectively the "**Group**") is pleased to announce the audited consolidated annual results of the Group, for the year ended 31 December 2014 (the "**Year**"). This annual results announcement (the "**Results Announcement**") is extracted from the full text of the 2014 annual report. Investors who wish to know more details are advised to refer to the full text of the 2014 annual report.

The Results Announcement is published in both Chinese and English. In case of any discrepancies, the Chinese version shall prevail.

1 IMPORTANT NOTICE

1.1 The Board, Supervisory Committee, and the Directors, Supervisors and senior management of the Company guarantee the information in the Results Announcement does not contain any false representation, misleading statement or material omission, and jointly and severally accept full responsibility for the truthfulness, accuracy and completeness of its contents. The Results Announcement is published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.livzon.com.cn). The Results Announcement is extracted from the 2014 annual report, the full text of which will be published on the above websites and despatched to the H shareholders of the Company in due course.

1.2 The Results Announcement has been considered and approved at the 7th Meeting for the Eighth Session of the Board of the Company. All Directors guarantee, and there is no dissenting opinion as to, the truthfulness, accuracy and completeness of contents in the Results Announcement. All Directors attended the 7th Meeting for the Eighth Session of the Board.

1.3 The Group has prepared the financial report in accordance with China Accounting Standards for Business Enterprises. The 2014 annual financial statements and notes thereof (collectively the "**Financial Report**") prepared according to China Accounting Standards for Business Enterprises by the Group have been audited by Ruihua Certified Public Accountants (LLP) and it has issued an unqualified opinion.

1.4 The Board proposes profit distribution plan for 2014 as follows: to distribute cash dividend of RMB1 (including taxes) for every 10 shares held to all shareholders of the Company and make a bonus issue by way of capitalizing our capital reserve on the basis of 3 shares for every 10 shares held to all shareholders of the Company, based on the Company's total share capital as at the registration date of shares determined by implementation of the 2014 Annual Profit Distribution Plan (the "**Dividend Distribution Plan for the Year**"). The Dividend Distribution Plan for the Year is subject to approval at the 2014 annual general meeting of the Company (the "**AGM**").

1.5 Mr. Zhu Baoguo（朱保國先生）, the person-in-charge of the Company, Ms. Si Yanxia（司燕霞女士）, the person-in-charge of the Company's financial affairs (responsible for accounting work), and Ms. Zhuang Jianying（莊健瑩女士）, the person-in-charge of the accounting department, declare that they guarantee the truthfulness and completeness of the Financial Report in the Results Announcement.

2 COMPANY PROFILE

2.1 Company Information

	A Shares	**H Shares** *(Note 1)*
Stock abbreviation	Livzon Group	Livzon Pharma, 麗珠H代 *(Note 2)*
Stock code	000513	01513, 299902 *(Note 3)*
Stock exchange	The Shenzhen Stock Exchange	The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**")

Note 1: On 16 January 2014, the Company's domestically listed foreign shares (B Shares) were converted into overseas listed foreign shares (H Shares), and the H Shares were listed and traded on the Main Board of the Hong Kong Stock Exchange by way of introduction. The stock code of the original B Shares was 200513, and the stock abbreviation of which was Livzon B.

Notes 2 and 3: The abbreviation and the stock code were only used by domestic shareholders of original B Shares of the Company in the People's Republic of China ("**China**" or "**PRC**") in respect of their trading of H Shares of the Company after H Shares of the Company were listed on the Hong Kong Stock Exchange.

2.2 Contact Persons and Contact Details

	Secretary to the Board	**Representative of securities affairs**
Name	Yang Liang	Wang Shuguang
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3 SUMMARY OF ACCOUNTING INFORMATION AND FINANCIAL INDICATORS

3.1 Changes of significant accounting policies, accounting estimates and correction of accounting errors

According to the provisions in the Notice on Issuing the Revised "Accounting Standards for Business Enterprises No.2 – Long-term Equity Investment"(Cai Kuai [2014] No. 14) and the Notice on Issuing the "Accounting Standards for Business Enterprises No. 41 – Disclosure of Interests in Other Entities" (Cai Kuai [2014] No. 16), overseas listed companies are encouraged to early adopt the above newly issued or revised accounting standards before they become effective. As such, the Company began the early adoption of the above two accounting standards from 1 January 2014 onwards according to the resolution passed at the 2nd Meeting for the Eighth Session of the Board.

The major effects of changes of accounting policies on the financial statements this year as a results of the adoption of the above standards are as follows:

(1) Consolidated statement

Amount denominated: RMB

2014	Opening balance before adoption	Adjusted Amount for the Adoption of Accounting Standards (Accounting Standards for Business Enterprises No.2 – Longterm Equity Investment)	Opening balance after adoption
Available-for-sale financial assets	10,041,559.76	82,253,108.84	92,294,668.60
Long-term equity investment	123,764,866.29	–82,253,108.84	41,511,757.45

2013	Opening balance before adoption	Adjustment for the Adoption of Accounting Standards (Accounting Standards for Business Enterprises No.2 – Longterm Equity Investment)	Opening balance after adoption
Available-for-sale financial assets	10,612,859.66	82,253,108.84	92,865,968.50
Long-term equity investment	120,961,203.38	–82,253,108.84	38,708,094.54

(2) Statement of parent company

Amount denominated: RMB

2014	Opening balance before adoption	Adjustment for the Adoption of Accounting Standards (Accounting Standards for Business Enterprises No.2 – Longterm Equity Investment)	Opening balance after adoption
Available-for-sale financial assets	10,041,559.76	81,753,108.84	91,794,668.60
Long-term equity investment	1,712,566,612.12	–81,753,108.84	1,630,813,503.28

2013	Opening balance before adoption	Adjustment for the Adoption of Accounting Standards (Accounting Standards for Business Enterprises No.2 – Longterm Equity Investment)	Opening balance after adoption
Available-for-sale financial assets	10,612,859.66	81,753,108.84	92,365,968.50
Long-term equity investment	1,660,096,199.25	–81,753,108.84	1,578,343,090.41

3.2 Significant accounting information prepared in accordance with the China Accounting Standards for Business Enterprises

Amount denominated: RMB'000

Items	2014	2013	Year-on-year change (%)	2012	2011	2010
Operating income	**5,544,233.78**	4,618,680.04	20.04%	3,943,525.31	3,162,915.29	2,726,718.90
Net profit attributable to shareholders of the Company	**515,978.43**	487,502.35	5.84%	441,671.52	359,369.88	418,180.83
Net profit attributable to the shareholders of the Company after deducting the extraordinary gain or loss	**463,031.47**	462,159.19	0.19%	396,190.25	341,610.16	392,186.22
Net cash from operating activities	**717,393.89**	439,986.53	63.05%	593,964.66	708,201.34	633,296.31
Profit before income tax	**652,025.03**	628,940.45	3.67%	560,312.74	463,151.23	533,667.30

Items	At the end of 2014	At the end of 2013	Change compared with the end of last year (%)	At the end of 2012	At the end of 2011	At the end of 2010
Total assets	**7,302,605.06**	6,566,006.12	11.22%	5,633,753.96	4,602,908.98	3,661,991.63
Total liabilities	**3,220,183.53**	2,961,486.64	8.74%	2,453,634.71	1,591,291.15	1,022,841.04
Net assets attributable to the shareholders of the Company	**3,696,516.57**	3,344,648.58	10.52%	3,008,015.81	2,843,169.71	2,517,438.11
Share capital	**295,721.85**	295,721.85	0.00%	295,721.85	295,721.85	295,721.85
Shareholders' equity per share attributable to the shareholders of the Company	**12.50**	11.31	10.52%	10.17	9.61	8.51

3.3 Principal Financial Indicators

Amount denominated: RMB

Items	2014	2013	Year-on-year Change (%)	2012	2011	2010
Basic earnings per share	**1.74**	1.65	5.45%	1.49	1.22	1.41
Diluted earnings per share	**1.74**	1.65	5.45%	1.49	1.22	1.41
Basic earnings per share after deducting extraordinary gain or loss	**1.57**	1.56	0.64%	1.34	1.16	1.33
Weighted average return on net assets (%)	**14.66%**	15.34%	A decrease of 0.68 percentage points	15.17%	13.41%	17.94%
Return on total equity attributable to shareholders of the Company (%)	**13.96%**	14.58%	A decrease of 0.62 percentage points	14.68%	12.64%	16.61%
Total equity attributable to shareholders of the Company to total assets ratio (%)	**50.62%**	50.94%	A decrease of 0.32 percentage points	53.39%	61.77%	68.75%

3.4 Items and amounts of extraordinary gains or losses

Amount denominated: RMB

Items	2014	2013	2012
Gains and losses from disposal of non-current assets(including those already written off in the provision for impairment of assets as provided)	**–999,029.93**	180,148.18	–69,242.34
Tax rebate or relief that is beyond the power or without official approval documents		362,000.00	
Government grants included in the profit or loss for the current period (save as those government grants closely associated to the operations of the Company, being entitled at a certain standard amount or certain level in accordance with the national standards)	**66,827,495.36**	38,842,657.52	42,064,456.38
Investment income derived from the holding of financial assets held for trading, gains or losses arising from changes in fair value of financial liabilities held for trading and disposal of financial assets held for trading, financial liabilities held for trading and available-for-sale financial assets (excluding the effective hedging activities of the normal operations of the Group)	**–1,497,131.42**	499,437.51	18,086,042.35
Reversal of provision for impairment of receivables on the basis of individual impairment test			636,406.43
Other non-operating income and expenses apart from the above	**1,688,027.35**	–1,001,272.08	–435,271.79
Total extraordinary gains and losses (affecting gross profit)	**66,019,361.36**	38,882,971.13	60,282,391.03
Less: Effect on income tax	**9,666,588.14**	7,150,619.26	8,151,476.68
Effect on non-controlling interests (after tax)	**3,405,813.53**	6,389,185.80	6,649,649.17
Total	**52,946,959.69**	25,343,166.07	45,481,265.18

Note: Prepared according to the "Notice on Explanation of Information Disclosure of Companies Publicly Issuing Securities No.1 –Extraordinary Gains or Losses" issued by CSRC.

4 BUSINESS REVIEW

4.1 Business development in the Year

4.1.1 Performance review

During the Year, the Group reported an operating income of RMB5,544.23 million, representing an increase of 20.04% as compared with RMB4,618.68 million of the previous year. Net profit was RMB553.62 million, representing an increase of 5.66% over RMB523.99 million of the previous year. Net profit attributable to shareholders of the Company was RMB515.98 million, up by 5.84% as compared with RMB487.50 million of the previous year. Excluding extraordinary gains and losses, the Company's net profit attributable to its shareholders generated from principal activities in the year of 2014 was RMB463.03 million, representing an increase of 0.19% when compared with RMB462.16 million of the previous year.

4.1.2 Analysis of principal activities

Operating Income and Costs of Principal Activities

Amount denominated: RMB

		Operating Income in 2014	Operating Costs in 2014	Gross profit margin in the year (%)	Year-on-year change in operating income (%)	Year-on-year change in operating costs (%)	Year-on-year change in gross profit margin (%)
Sector							
Western drug preparation products	Gastrointestinal	431,037,680.54	48,309,794.40	88.79%	20.17%	17.58%	Up by 0.25 percentage points
	Cardio-cerebral vascular	156,759,171.09	37,145,130.55	76.30%	5.86%	5.13%	Up by 0.16 percentage points
	Antibiotics	336,583,358.97	81,528,860.24	75.78%	20.55%	13.33%	Up by 1.55 percentage points
	Gonadotropic hormones	750,123,661.00	268,389,602.81	64.22%	23.88%	31.38%	Down by 2.04 percentage points
	Others	450,784,204.64	82,342,408.68	81.73%	44.92%	9.26%	Up by 5.96 percentage points
Chinese drug preparation products		1,739,731,105.27	372,565,292.41	78.58%	4.87%	12.36%	Down by 1.43 percentage points
Bulk medicines and intermediates		1,139,189,704.02	984,279,668.37	13.60%	42.65%	38.01%	Up by 2.91 percentage points
Diagnostic reagents and equipment		440,787,403.63	193,250,926.60	56.16%	19.54%	18.64%	Up by 0.33 percentage points
Others		11,215,684.96	16,019,948.82	–42.84%	–72.40%	–9.37%	Down by 99.33 percentage points
Total		5,456,211,974.12	2,083,831,632.88	61.81%	19.41%	26.04%	Down by 2.01 percentage points
By product							
Shengqi Fuzheng Injection		1,311,116,228.83	214,037,211.46	83.68%	2.62%	10.92%	Down by 1.22 percentage points
By region							
Domestic		4,979,167,204.77	1,682,696,490.71	66.21%	17.78%	22.45%	Down by 1.28 percentage points
Overseas		477,044,769.35	401,135,142.17	15.91%	39.48%	43.72%	Down by 2.48 percentage points
Total		5,456,211,974.12	2,083,831,632.88	61.81%	19.41%	26.04%	Down by 2.01 percentage points

During the Year, the Group's principal activities generated an operating income of RMB5,456.21 million, representing an increase of RMB886.82 million or 19.41% as compared with RMB4,569.39 million of the previous year. Among which, the sales growth in bulk medicines and intermediates was significant and recorded a year-on-year increase of 42.65%. The increase in sales of those products has primarily reflected the continuous improvement in product quality of the Company as well as ongoing enhancement of market competitiveness.

During the Year, the Group's operating costs of principal activities amounted to RMB2,083.83 million, representing an increase of RMB430.49 million or 26.04% as compared with RMB1,653.34 million of the previous last year, which was mainly due to a rise in sale proportion of those bulk medicines and intermediates with lower profit margin, coupled with a shortage in certain hormone-kind raw materials resulting in an increase in costs.

Operating Income of Principal Activities by Regions

Amount denominated: RMB

Regions	Amount incurred for the Year		Amount incurred for last year	
	Operating income	**Operating cost**	Operating income	Operating cost
Domestic	**4,979,167,204.77**	**1,682,696,490.71**	4,227,365,211.44	1,374,235,382.17
Overseas	**477,044,769.35**	**401,135,142.17**	342,022,777.22	279,108,729.89
Total	**5,456,211,974.12**	**2,083,831,632.88**	4,569,387,988.66	1,653,344,112.06

Major Customers and Suppliers

During the Year, the sales to the five largest customers contributed to 7.51% (2013: 7.56%) of the total operating income of the Group, while the purchases from the five largest suppliers of the Group contributed to approximately 33.84% (2013: 27.39%) of the Group's total purchase of raw materials.

Expenses

During the Year, the Group's three major expense items (selling expenses, administrative expenses and financial expenses) amounted to RMB2,693.37 million, an increase of RMB460.41 million or 20.62% year-on-year. Details are as follows:

Amount denominated: RMB

Items	**2014**	2013	Year-on-year Change (%)
Selling expenses	**2,208,218,745.28**	1,810,747,376.60	21.95%
Administrative expenses	**464,522,751.34**	437,293,065.57	6.23%
Financial expenses	**20,631,590.86**	–15,076,696.90	236.84%

(1) Selling expenses rose by 21.95% year-on-year, mainly due to putting more efforts in market development;

(2) Administrative expenses rose by 6.23% year-on-year, mainly due to the increase of investment in research and development for new products; and

(3) Financial expenses rose by 236.84% year-on-year, affected mainly by a decrease in capitalised interests and an increase in cost interests as a result of constructions in process gradually converted into fixed assets, changes in exchange rates leading to a higher exchange loss, etc.

During the Year, the total income tax expenses were RMB98.40 million, representing a decrease of RMB6.55 million or 6.24% year-on-year, mainly due to an increase in tax credits and the recognition of some deductible losses which might be utilised as deferred assets.

Research and development expenditure

During the Year, the Group's expenditures related to research and development amounted to RMB290.02 million (2013: RMB233.06 million), representing an increase of 24.44% year-on-year. The amount accounted for approximately 7.85% of net assets attributable to shareholders of the Company and approximately 5.23% of the Group's total operating income for the Year.

The analysis of overall progress of the Group's research and development by field during the Year is set out below: in respect of chemical drug and Chinese drug preparation products, a total of 15 projects began preclinical studies with formal registration, 8 projects were reported to competent authorities for preclinical studies, 3 projects were undergoing clinical studies and 8 projects were reported to competent authorities for production; in respect of biomedicine, Livzon MAB had a total of 4 projects for preclinical studies, 2 projects were reported to competent authorities for preclinical studies, 1 project was undergoing clinical studies and 4 outstanding overseas science experts were recruited; in respect of vaccine division, a production registration was made; in respect of diagnostic reagent, 11 laboratory researches were done, in which 2 had its clinical studies completed and were ready for registration, 3 were undergoing the registration procedures and 3 obtained registration certificates.

The progress of major research and development projects during the Year is set out below: (1) chemical and traditional Chinese drug: preparation products for the Ilaprazole Sodium Injection project, the phase II clinical research was completed and the phase III clinical test was begun; Ilaprazole enteric-coated tablets (for new indication), dantrolene sodium, sodium hydrochloride pramipexole sustained-release tablets, high purity HMG for injection, blonanserin tablets, acarbose tablets and clopidogrel bisulfate tablets have completed the filing for production; for the Sanhuafen Injection project, the Phase IIa clinical trial proposal prepared, testing samples for clinical trials were available, an ethical meeting was convened and the Phase IIa clinical trial was about to begin; (2) biopharmaceutical drug preparation products: the Phase Ia clinical trial of Recombinant Humanised Anti-tumor Necrosis Factor α Monoclonal Antibody for Injection was completed and the recruitment of human test subjects for Phase Ib clinical trial was done simultaneously; for the recombinant biosimilar human chorionic gonadotropin (rhCG) project, with its preclinical studies and clinical drug production completed, the clinical application was submitted and on-site review was done; for the anti-CD20 biosimilar monoclonal antibody project, with its preclinical studies and clinical drug production completed, clinical application was being fine-tuned; the professional assessment of the production registration of Encephalitis B Vaccine (Vero cells) was completed and was pending for the conclusion from CDE((Center for Drug Evaluation) of China Food and Drug Administration); (3) diagnostic reagents: both of HIV fluorescence quantitative PCR reagents and adenovirus gold standard rapid reagent were developed and their clinical trials were completed; they were undergoing registration; the clinical trials for both of B19 virus IgM enzyme-linked immune detection reagent and B19 virus IgG enzyme-linked immune detection reagent were completed and they were ready for registration; for MYCOII lgM antibody fast-testing reagent, the registration certificate was granted and its commercial production was commenced; for hepatitis C virus enzyme-linked immune detection reagent, the registration certificate was granted and commercial production was ready.

The major technical prizes and subsidies awarded or granted to the Group during the Year are set out below:

In 2014, a book named "Digital Exploration of Traditional Chinese Medicine 2 - Research on Market Response of Shenqi Fuzheng Injection"(《數字化中藥探索2-參芪扶正注射液上市後在評價研究》) was published by the Group; the project of "R&D and Commercialisation of Innovative Ilaprazole series(原創新藥艾普拉唑的研發與產業化)" won a first class prize in Guangdong Province Technological Advancement in 2013, which is the second award following the one granted too for Shenqi Fuzheng Injection（參芪扶正注射液）in 2009; the project of "Technological Invention and Application of Anti-viral Granules in Fighting Against Emerging Infectious Diseases（抗病毒顆粒抗新發傳染性疾病的技術發明及其應用）" was awarded a first class technology prize by the China Association of Chinese Medicine in 2014, anti-viral granule products won a third class prize in Guangdong Province Technological Advancement in 2013 and the project of "Technological Invention and Applications of Anti-viral Granules in Fighting Against Emerging Infectious Diseases（抗病毒顆粒抗新發傳染性疾病的技術發明及其應用）" was also awarded a first class prize in technological achievement by the China Association of Chinese Medicine in 2014; the Group's tender submission for a Guangdong and Hong Kong cooperation project known as "Studies on Industrialisation of Chinese Injection Medicine (《中藥注射劑產業化研究》)" went through the inspection and acceptance procedures and was awarded a first class prize of Zhuhai City Technology Advancement in 2014.

In respect of government subsidies, the Ilaprazole project was regarded as 2014 a major project in the 12th Five Year Plan by the Ministry of Technology of China and received government subsidies amounted to RMB3,270,000; the project of "Development of Technological Platform for Long-acting Release Microspheres and R&D and Commercialisation of Related New Products（長效緩釋微球技術平臺建設及新品種研發及產業化）" was also approved and granted RMB3,000,000 by the government; the annual review for the project of "Production Facilities for the GAP Commercialisation of Astragalus (《黃芪GAP基地建設》)" by the Ministry of Industry and Information Technology of China was completed and the project was granted revolving government subsidies of RMB3,500,000; the application of the project of "2014 Trial Concentrations of Strategic Emerging Industries in Guangdong Province(2014年度廣東省戰略性新興產業區域集聚試點）"was completed and subsidies amounted to RMB22,000,000 were granted.

During the Year, for intellectual rights and international authorisations, the Group applied for a total of 37 domestic invention patents and 1 foreign invention patent, and obtained 18 domestic and foreign invention patent authorisations. The Group was granted subsidies of RMB179,200 for 2 domestic and foreign patents and 7 design patents, and was granted two trademark registration certificates. It completed the renewal of 30 domestic and foreign registered trademarks and filed 12 trademark licenses.

4.1.3 Analysis of Major Subsidiaries and Investee Companies

Amount denominated: RMB

Company names	Company categories	Industry	Major products or services	Registered capital	Total assets	Net assets	Net profits
Livzon Group Livzon Pharmaceutical Factory (麗珠集團麗珠製藥廠)	Subsidiary	Pharmaceutical	Principally engaged in production and sale of self-made chemical drugs, biochemical drugs, microbiological preparations, antibiotics, etc.	450,000,000.00	2,163,648,794.34	1,309,770,401.19	141,840,556.30
Sichuan Guangda Pharmaceutical Manufacturing Co., Ltd. (四川光大製藥有限公司)	Subsidiary	Pharmaceutical	Principally engaged in the research, production and sale of traditional Chinese medicine, major products include Anti-viral Granules, Dexaltin Oral Paste, etc.	149,000,000.00	630,723,547.77	567,309,401.60	90,047,696.80
Livzon Group Limin Pharmaceutical Manufacturing Factory (麗珠集團利民製藥廠)	Subsidiary	Pharmaceutical	Principally engaged in the production and operation of the Chinese drug preparations and pharmaceutical raw materials, etc., major products include Shenqi Fuzheng Injection, Xueshuantong, etc.	61,561,014.73	723,192,591.55	467,014,592.21	102,854,627.68
Shanghai Livzon Pharmaceutical Manufacturing Co., Ltd. (上海麗珠製藥有限公司)	Subsidiary	Pharmaceutical	Principally engaged in production of biochemical and polypeptide bulk medicines, major products include biochemical bulk medicines such as Human Menopausal Gonadotropin and Human Chorionic Gonadotropin.	87,328,900.00	247,078,637.99	169,258,861.90	42,129,177.68
Zhuhai FTZ Livzon Hecheng Pharmaceutical Manufacturing Co., Ltd. (珠海保稅區麗珠合成製藥有限公司)	Subsidiary	Pharmaceutical	Principally engaged in production and business of chemical bulk medicines, major products include Cefuroxime Sodium, Cefodizime Sodium, Ceftriaxone Sodium, etc.	128,280,000.00	613,287,821.60	214,264,254.80	17,815,136.65

Company names	Company categories	Industry	Major products or services	Registered capital	Total assets	Net assets	Net profits
Livzon Group Xinbeijiang Pharmaceutical Manufacturing Inc. (麗珠集團新北江製藥股份有限公司)	Subsidiary	Pharmaceutical	Principally engaged in sale of bulk medicines, intermediate products and export of related technologies, major products include Pravastatin, Mevastatin, Salinomycin, etc.	134,925,200.00	371,836,894.22	253,750,795.52	29,353,091.08
Livzon Group Fuzhou Fuxing Pharmaceutical Co., Ltd. (麗珠集團福州福興醫藥有限公司)	Subsidiary	Pharmaceutical	Principally engaged in production of the antibiotics bulk medicines, intermediate and drugpreparations and chemical raw materials for pharmaceutical production, major products include Colistin, Vancomycin, Phenylalanine, etc.	USD41,700,000.00	511,232,257.37	412,322,206.40	18,494,221.28
Zhuhai Livzon Diagnostic Reagents Inc. (珠海麗珠試劑股份有限公司)	Subsidiary	Pharmaceutical	Principally engaged in production and sale of diagnostic reagents, major products include Chlamydia Trachomatis Antigen Diagnostic Kit and ELISA HIV Testing Reagents Kit.	46,450,837.00	469,993,492.10	302,326,464.60	85,603,683.30
Livzon MABPharm Inc. (珠海市麗珠單抗生物技術有限公司)	Subsidiary	Pharmaceutical	Principally engaged in research and development of technologies for biopharmaceutical products and antibiotics.	500,000,000.00	314,553,681.00	292,432,635.02	–45,476,858.07
Livzon Group Vaccine Engineering Inc. (麗珠集團疫苗工程股份有限公司)	Subsidiary	Pharmaceutical	Principally engaged in research and development of technologies for biopharmaceutical products and vaccines	65,000,000.00	30,356,175.19	13,823,041.36	-11,922,711.76

4.2 Financial position of the Year

4.2.1 Material Changes in Assets

Amount denominated: RMB

	At the end of 2014		At the end of 2013		
	Amount	**Percentage in total assets (%)**	Amount	Percentage in total assets (%)	Year-on-year Change (%)
Financial assets at fair value (the change of which is included in the profit or loss for the current period)	**6,423,571.77**	**0.09%**	11,335,125.54	0.17%	–43.33%
Other receivables	**52,132,444.90**	**0.71%**	39,477,295.95	0.60%	32.06%
Inventories	**847,479,822.39**	**11.61%**	641,649,965.85	9.77%	32.08%
Available-for-sale financial assets	**141,402,772.99**	**1.94%**	92,294,668.60	1.41%	53.21%
Fixed assets	**2,943,569,643.19**	**40.31%**	1,976,910,773.96	30.11%	48.90%
Construction in progress	**561,716,329.53**	**7.69%**	1,082,419,104.88	16.49%	–48.11%
Construction supplies	**121,472.17**	**0.00%**	481,529.20	0.01%	–74.77%
Long-term deferred expenses	**25,569,660.19**	**0.35%**	13,914,408.10	0.21%	83.76%
Deferred tax assets	**65,254,992.11**	**0.89%**	50,190,408.52	0.76%	30.01%

The reasons for the year-on-year changes of over 30% in the related items were:

(1) Financial assets at fair value (the change of which is included in the profit or loss for the current period) decreased by 43.33% year-on-year was mainly attributable to the fluctuation of market value of the financial assets at fair value (the change of which is included in the profit or loss for the current period);

(2) Other receivables increased by 32.06% year-on-year was mainly attributable to the increase of reserved fund contribution and the increase of export tax rebates receivables;

(3) Inventories increased by 32.08% year-on-year was mainly attributable to the stocking of some manufacturers due to, among others, the GMP certification;

(4) Available-for-sale financial assets increased by 53.21% year-on-year was mainly attributable to the increase of equity investment;

(5) Fixed assets increased by 48.90% year-on-year was mainly attributable to the transfer of investment in construction project into fixed assets;

(6) Construction in progress decreased by 48.11% year-on-year was mainly attributable to the transfer of investment in construction project into fixed assets;

(7) Construction supplies decreased by 74.77% year-on-year was mainly attributable to the decrease of construction supplies for use;

(8) Long-term deferred expenses increased by 83.76% year-on-year was mainly attributable to the increase of expenses on office renovation; and

(9) Deferred tax assets increased by 30.01% year-on-year was mainly attributable to the increase of deductible temporary difference arising from the fair value change of available-for-sale financial assets, and the recognition of some deductible losses which might be utilised as deferred assets.

4.2.2 Material Changes in Liabilities

Amount denominated: RMB

	At the end of 2014		At the end of 2013		
	Amount	**Percentage in total assets** (%)	Amount	Percentage in total assets (%)	Year-on-year Change (%)
Accounts payables	**598,748,939.78**	**8.20%**	435,966,092.72	6.64%	37.34%
Tax payables	**33,211,993.26**	**0.45%**	89,414,763.31	1.36%	–62.86%
Dividends payables	**5,049,329.12**	**0.07%**	2,531,984.46	0.04%	99.42%
Long-term borrowings	**66,500,000.00**	**0.91%**	149,900,000.00	2.28%	–55.64%
Deferred tax liabilities	**7,241,263.39**	**0.10%**	2,834,136.62	0.04%	155.50%

The reasons for the year-on-year changes of over 30% in the related items were:

(1) Accounts payables increased by 37.34% year-on-year was mainly attributable to the growth of sales, expansion of production scale and increase of purchases;

(2) Tax payables decreased by 62.86% year-on-year was mainly attributable to the increase of prepaid enterprise income tax;

(3) Dividends payables increased by 99.42% year-on-year was mainly attributable to a portion of dividends distributed this year was unpaid;

(4) Long-term borrowings decreased by 55.64% year-on-year was mainly attributable to the repayment of some long-term borrowings; and

(5) Deferred tax liabilities increased by 155.50% year-on-year was mainly attributable to the increase of time difference of tax payables, which resulted in the increase of deferred tax liabilities recognized.

Debt ratio

As at 31 December 2014 and 31 December 2013, the debt ratios were calculated by dividing the Group's total liabilities at each respective date by the total assets. The Group's debt ratio decreased to 44.10% as at 31 December 2014 from 45.10% as at 31 December 2013.

4.2.3 Material Changes in Income Statement Items

Amount denominated: RMB

	At the end of 2014		At the end of 2013		
	Amount	**Percentage in total assets (%)**	Amount	Percentage in total assets (%)	Year-on-year Change (%)
Financial expenses	**20,631,590.86**	**0.28%**	–15,076,696.90	–0.23%	236.84%
Gain from changes in fair value	**–4,939,260.57**	**–0.07%**	–1,236,410.63	–0.02%	–299.48%
Investment income	**8,223,836.93**	**0.11%**	4,539,511.05	0.07%	81.16%
Non-operating income	**70,113,415.16**	**0.96%**	43,108,434.91	0.66%	62.64%
Non-operating expenses	**2,596,922.38**	**0.04%**	4,724,901.29	0.07%	–45.04%

The reasons for the year-on-year changes of over 30% in the related items were:

(1) Financial expenses increased by 236.84% year-on-year was mainly attributable to the impact from a decrease in capitalised interests and an increase in cost interests as a result of constructions in process gradually converted into fixed assets, increase of borrowings, changes in exchange rates leading to a higher exchange loss, etc.;

(2) Gain from changes in fair value decreased by 299.48% year-on-year was mainly attributable to the lower market value of stocks held at the end of this year;

(3) Investment income increased by 81.16% year-on-year was mainly attributable to the increase of income from disposal of some available-for-sale financial assets;

(4) Non-operating income increased by 62.64% year-on-year was mainly attributable to the increase of government grant received; and

(5) Non-operating expenses decreased by 45.04% year-on-year was mainly attributable to the decrease of donation expense this year as compared to that of last year.

4.2.4 Material changes in cash flow items

Amount denominated: RMB

	At the end of 2014		At the end of 2013		
	Amount	**Percentage in total assets (%)**	Amount	Percentage in total assets (%)	Year-on-year Change (%)
Net cash flows from operating activities	**717,393,893.55**	**9.82%**	439,986,525.69	6.70%	63.05%
Sub-total of cash inflows from investing activities	**29,024,256.39**	**0.40%**	54,459,643.16	0.83%	–46.71%
Net cash flows from financing activities	**–20,882,108.37**	**–0.29%**	7,766,397.47	0.12%	–368.88%
Net increase in cash and cash equivalents	**–41,814,307.14**	**–0.57%**	–427,707,567.21	–6.51%	90.22%

The reasons for the year-on-year changes of over 30% in the related items were:

(1) The increase of net cash flows from operating activities by 63.05% year-on-year was mainly attributable to the increase of sales receipts this period;

(2) The decrease of sub-total of cash inflows from investing activities by 46.71% year-on-year was mainly attributable to cash realised from disposal of most of the financial assets held for trading last year, which has not taken place for the Year;

(3) The decrease of net cash flows from financing activities by 368.88% year-on-year was mainly attributable to the decrease of funds financed this year as compared to that of last year; and

(4) 90.22% of net increase in cash and cash equivalents year-on-year was mainly attributable to the increase of net cash flows from operating activities.

4.2.5 Liquidity and Financial Resources

As at 31 December 2014, the Group's cash at bank and on hand amounted to RMB715.71 million (31 December 2013: RMB761.04 million).

As at 31 December 2014, the Group's borrowings from banks amounted to RMB742.42 million (31 December 2013: RMB640.98 million), accounting for 10.17% of total assets (31 December 2013: 9.76%), of which short-term borrowings to mature within one year amounted to RMB675.92 million (31 December 2013: RMB491.08 million), accounting for 9.26% of total assets (31 December 2013: 7.48%) and long-term borrowings to mature after one year amounted to RMB66.50 million (31 December 2013: RMB149.90 million), accounting for 0.91% of total assets (31 December 2013: 2.28%). Repayments of borrowings denominated in RMB and borrowings denominated in Hong Kong dollars during the Year amounted to RMB732.60 million and HK$548.16 million, respectively.

The Group's debt ratio is calculated by dividing the Group's total liabilities at each respective date by its total assets. The debt ratio of the Group decreased from 45.10% as at 31 December 2013 to 44.10% as at 31 December 2014.

4.2.6 Capital Structure

The Group's capital structure comprises shareholders' equity and liabilities. As at 31 December 2014, the shareholders' equity amounted to RMB4,082.42 million, the total liabilities amounted to RMB3,220.18 million and total assets amounted to RMB7,302.60 million. Among which, the current liabilities of the Group amounted to RMB2,669.17 million (31 December 2013: RMB2,329.68 million), which increased by 14.57% from the end of previous year; the long term liabilities amounted to RMB551.01 million (31 December 2013: RMB631.81 million), which decreased by 12.79% from the end of previous year. During the Year, the Group had repaid liabilities of RMB1,167.40 million (31 December 2013: RMB1,235.16 million).

Equity attributable to the shareholders of the Company amounted to RMB3,696.52 million (31 December 2013: RMB3,344.65 million), which increased by 10.52% from the end of previous year. Minority interests of the Group amounted to RMB385.90 million (31 December 2013: RMB259.87 million), which increased by 48.50% from the end of previous year.

Currency Structure

Amount denominated: RMB

Item	At the end of 2014 (31 December 2014) Foreign currency amount	Translation rate	Amount in RMB	At the end of (31 December 2013) Foreign currency amount	Translation rate	Amount in RMB
Cash on hand:						
–RMB	–	–	177,881.98	–	–	176,402.83
Bank deposits:			708,388,606.07			747,677,597.88
–RMB	–	–	679,527,879.52	–	–	694,716,070.22
–HK dollar	7,018,811.61	0.78887	5,536,929.91	39,298,550.07	0.78623	30,897,699.02
–U.S. dollar	2,593,865.03	6.119	15,871,860.12	2,969,157.58	6.0969	18,102,656.85
–Japanese Yan	105,263,476.00	0.051371	5,407,490.03	47,462,411.00	0.057771	2,741,950.95
–Euro	28,511.82	7.4556	212,572.73	24,046.87	8.4189	202,448.19
–MOP	2,357,320.50	0.7771	1,831,873.76	1,339,974.50	0.7588	1,016,772.65
Other monetary fund on hand:			**7,139,115.75**			13,190,134.83
Total			**715,705,603.80**			761,044,135.54

4.2.7 Interest Expenses and Capitalisation

Amount denominated: RMB

	2014	2013
Interest expenses	**26,855,257.66**	9,063,185.39
Capitalised interest	**32,627,626.68**	41,723,173.32
Total interest expenses	**59,482,884.34**	50,786,358.71

4.2.8 Foreign Exchange Risks

The Company conducts its operation primarily in China. Substantially all of the transactions were denominated and settled in RMB. However, the Company still has certain imports and exports businesses on diagnostic reagents and bulk medicines, for which they are settled in U.S. dollar and Japanese Yen. The Company's businesses outside China (mainly in Hong Kong) are settled in Hong Kong dollars. In addition, the Company had loans denominated in Hong Kong dollars. At the end of the year, the loan balances in Hong Kong dollars amounted to HK$476.53 million. In respect of the above, the Company is still exposed to certain foreign exchange risks. Taking into account the foreign exchange risks acceptable by the Company, the Company does not use derivatives to hedge foreign exchange risks. However, as to the foreign exchange risk in loans, the Company shall closely monitor the trend on the exchange rate of RMB, and timely adjust the extent of borrowings, so as to reduce its risks to the minimum.

4.2.9 Contingent Liabilities

As at 31 December 2014, the Group had no significant contingent liabilities.

4.2.10 Pledge of Assets

As at 31 December 2014, the Group's pledged assets under restrictions were as follows:

	31 December 2014 *(RMB)*	**Reasons for restriction**
Assets pledged:		
Other cash fund	69,091.76	Deposits under guarantees for letters of credit
Other cash fund	6,522,085.87	Deposits for bank acceptance bills
Total	6,591,177.63	

4.2.11 Employees, Remuneration and Pension Scheme

As at 31 December 2014, the Group had 5,544 staff (31 December 2013: 5,058 staff). During the Year, the total wages, bonuses, allowances, compensation, welfare, housing funds and social insurance paid to the employees by the Group amounted to RMB442.16 million (31 December 2013: RMB374.31 million). Remuneration of our staff was determined by the Group based on the State policies and linked to the Company's performance with reference to general remuneration level in the society.

During the Year, there was no change in the employees remuneration policies and training programs. The Group is required to contribute certain social insurance fees for the employees at a specified rate of the employees' salaries to fund the benefits. The sole obligation of the Group with respect to the contribution of social insurance fees for the employees is to make the required contributions under the scheme. There was no change in the details of the pension welfare.

4.2.12 Investments

On 15 April 2014, the Group's controlling subsidiary Livzon MABPharm Inc.（珠海市麗珠單抗生物技術有限公司）("**Livzon MAB**") entered into an "Epirus Biopharmaceuticals, Inc. Series B Preferred Stock Purchase Agreement" with Epirus Biopharmaceuticals, Inc. ("**Epirus**"), a biopharmaceutical company based in Boston, the United States, pursuant to which Livzon MAB invested US$15.00 million (equivalent to approximately RMB93.255 million) to subscribe for new 11.811 million Series B Preferred Stocks issued by Epirus. Upon the completion of subscription, Livzon MAB would hold approximately 15.22% of Epirus total shares. On 16 July 2014, Epirus (NASDAQ: EPRS) was listed on NASDAQ in the United States. On the same date, Livzon MAB beneficially owned 1.566 million common stocks of Epirus, representing 12.14% of the total issued common stocks of Epirus.

On 24 September 2014, Livzon MAB entered into an "Exclusive License and Collaboration Agreement" with Epirus in respect of cooperation in research and development, manufacturing and commercialization of products within mutually agreed scopes to implement exclusive collaboration in joint development and global commercialization of a biosimilar infliximab and other 4 types of Monoclonal Antibodies or related biological compounds. Livzon MAB would be the most preferred supplier of the said 5 collaborative products in PRC, Hong Kong, Macau and Taiwan and jointly responsible to commercialize these products in these regions.

4.3 Details of subsequent events with material impact on the Group

As at the date of the Results Announcement, the Company has no material or contingent events that are required to disclose.

4.4 Core competitiveness analysis

During the Year, the Group's core competitiveness is primarily reflected in the following aspects:

(1) Diversified product mix and core products with leading market share. The Group's products cover a variety of pharmaceutical sectors, including drug preparation products, bulk medicines and intermediaries as well as diagnostic reagents and equipment. It has had a relatively comprehensive and strategic balanced portfolio in segments of Chinese traditional anti-tumor auxiliary medicine, assisted reproduction, gastrointestinal drugs and others, which provide a rather strong competitiveness in the industry. The Group also actively extends its reach into biomedicine field with a focus on monoclonal antibodies. Thanks to its diversified product portfolio and its strengths in patents on and quality of key products, the Group can overcome periodic fluctuation and also diversify risks, putting the Company at an advantageous position amid the reform of the industry.

(2) Well established marketing network and relatively strong promotion capabilities. The Group has a well established, nationwide marketing network with a sales force of over 4,000 for preparation drugs, bulk drugs and diagnostic reagents business. The network covers the majority of leading medical institutions, chain drugstores, pharmaceutical companies, disease control centers and health care authorities. The Group has a mature sales system that focuses on its own sales personnel with support from sales agents. The Group pays a great attention to personnel, product and pharmaceutical coverage in our sales efforts. Additionally, the Group implements detailed management, resource integration, strict examination and multi-level incentives to continuously develop its sales team and strengthen its capabilities in marketing and sales so as to ensure steady growth in the Company's results.

(3) Strong R&D capabilities and a global R&D vision. The Group has experienced research and development teams for chemical drugs, traditional Chinese medicine, biopharmaceutical drugs and diagnostic reagents. Benefited from increasing R&D support and further optimised management and operation systems, they diligently pursue for technological advancement in the fields. Meanwhile, the Group is actively pushing forward its R&D strength in various segments by forming strategic alliances with overseas partners and attracting top innovative talents to join us. For instance, the Group's biopharmaceutical sector has recruited nine returned talents or experts with extensive experience in the biopharmaceutical field. Some of them have over 15 years working experience specialising in R&D and commercialization in the global biopharmaceutical giants.

(4) High-quality products and comprehensive quality management system. The Group's core products, namely Shenqi Fuzheng Injection, Ilaprazole Enteric-coated Tablets, anti-virus granules, Urofollitropin for Injection, Leuprolide and others, are all featured with their own features in safety, effectiveness and patented technologies, and have won numerous national, provincial and municipal technology awards. As of 31 December 2014, the Company has a total of 20 production lines for drug preparation product that passed the new GMP verification, 15 bulk medicines received the new GMP certification, 14 bulk medicines passed on-site inspections by the FDA to obtain FDA registration numbers; and four have passed the EU– GMP inspection and obtained CEP certificates.

4.5 Prospects for future Development

(1) Pharmaceutical industry development in 2015

2015 is the last year of the 12th Five-Year Plan for Pharmaceutical Industry (《醫藥工業「十二五」發展規劃》). We will continue to see gradual increase in healthcare demand as a result of growing population, rapidly aging demographics, an improving medical security system, a stronger purchasing power and a rising awareness of personal health. The pharmaceutical industry is expected to continue to expand in 2015 but more efforts should be required to gain fruitful results as before, against the backdrop of slow-paced growth of overall economy, medical insurance cost controls as well as reforms in tender arrangements. Given the introduction of environment protection and resource conservation regulations, the increasing production cost and the downward price trend of drugs, the development of the pharmaceutical industry is still facing quite a lot of difficulties and subject to many constraints.

(2) Key opportunities and challenges and relevant solutions in 2015

In 2015, against the background of an expected upward trend, the pharmaceutical industry in China is faced with a number of uncertainties, such as anti-corruption campaigns, restrictions on medical insurance reimbursement, price-setting for medical insurance payment, changes to tender policies and so on. It is expected that the dropping drug prices will become normal. Above said, the Company keeps a close look at policy changes and new trends, makes use of new technologies and tool, innovates management modes and taps on the edges of its varied product portfolio and high quality in an aim to expand its sales, improve market admission preparation work, implement strict control on quality, risks and costs. The Company also endeavors to build on competitiveness of its products, step up R&D efforts and gain new competitive advantages so as to establish a secured leading position with its core competitiveness in a changing market.

(3) Future development strategy of the Company

The Company sticks to its long-term strategic goal of becoming a specialized pharmaceutical company with global competence in terms of manufacturing, technology and management as well as leading innovation capacity in China. In the next three years, under the requirement of its A Share Restricted Incentive Scheme, the Company will actively explore internal and external opportunities to further enlarge its sales volume and drives for a continuous profit growth.

(4) Business Plan

2015 is the first year for the Company to implement the share restricted incentive scheme. The Company will continue to enhance its management and control efficiency and governance quality with the management principal of "streamlining mechanism, delegation of power and strengthening of risk management". The Company will consolidate its risk management mechanism across sales, R&D, manufacture and general administration, activate the wisdom and passion from all staff and ultimately guarantee the realization of year-end performance goals. The specific working plan for the Company in 2015 is as follows:

(a) To deepen the reform on marketing modes and sales approaches, with an emphasis on sales team building

In 2015, the general guideline for bulk medicine sales is to coordinate with production. The key to the sales lies in production, i.e. low cost, good quality and high popularity in the market. The sales and production of preparation drugs and diagnostic reagents are supposed to be mutually enhanced so as to make full use of productivity, lower costs, increase sales and strengthen competitiveness. The Company will also strengthen the sales channel and personnel for prescription drugs and diagnostic reagents, establish and improve the differentiated sales approach for other sectors, innovate marketing promotion and sales management methods by using mobile internet platform and new technologies, so as to strike a perfect balance between product resources and sales channel resources.

In respect of the job performance assessment of marketing staff, the Company will introduce a more scientific, standardized and systematic appraisal scheme to enhance the enthusiasm of sales personnel, and gradually optimize the system so that only the fittest will survive.

(b) *To actively promote specialized R&D technological platform with enhanced international cooperation to further develop core competitiveness*

In 2015, the Company put more efforts in innovative research and development in drug preparation products, bulk medicine and diagnostic reagents to accelerate the development of new drugs, specialized bulk medicine and self-produced diagnostic reagents development and the grant of approvals for existing product items. In building its core competitiveness, the Company pursues to consolidate international cooperation channels to facilitate the development of potential strategic products, improve R&D management system for every single field, control R&D costs, increase R&D efficiency, uplift R&D capacity and be abreast of the international standard.

The R&D planning is as follows: for drug preparation products, the Company upholds the idea of "quality product" and an international R&D vision when further developing existing key products. The Company will focus on setting up a platform for sustained release microspheres technology and monoclonal antibodies biopharmaceuticals, with continuous international cooperation for mutual development, patent registration, and international certification for manufacture facilities, in order to establish a R&D and manufacture system that completely live up to international standards. For bulk medicine, the Company will keep its "advantage" and "specialty" in developing and nurturing new potential products and let current productivity work in full swing. For diagnostic reagents and equipment, more efforts will be given to the R&D of self-developed products. It is estimated that there will be eight additional R&D projects coming up in 2015. For the R&D of diagnostic reagents and equipment, our strategy will be a combination of three approaches: independent R&D, cooperation and project acquisition. A new scientific research centre will be established in Shanghai.

(c) *To perform strict production management and quality control, strengthen risk management mechanism, upgrade "audit, supervise and improve" working system*

Production and quality are the foundation for a pharmaceutical company, and will continue to be the focus of management in 2015. With the "audit, supervise and improve" management and control philosophy, the Company will continue to make use of its production quality audit, training programs and supervised adjustement to facilitate sound operation for the sake of eliminating systematic risks in respect of product quality and preventing EHS material incidents. The Group will perfect the supervision of production, sales management, technical support and EHS supervision, and to fully implement the EHS audit plan and the EHS veto system.

(d) To strengthen financial management and minimize financial risks

For capital management, given the gradual decrease in investment in fixed assets and the stable cash inflow from operation, the Company will continue to utilize internet applications like online banking, to further centralize our capital management and enhance the efficiency of fund application as well as the control of financial expenses in 2015. In respect of auditing and accounting, with the belief of "drawing sales by production" and the commitment to enhance the utilization rate of productivity, the Group formulates corresponding costs calculation and analysis methods to provide accurate operating cost data required for production in a timely manner. In financing, the Group will actively develop channels for ultra short-term loans, short-term loans, mid-term notes and corporate debts to work alongside with funding arrangement, including internal resource consolidation and outbound investment in an effective way. In respect of financial team building, we will strengthen the training and appraisal of expatriate finance staff to help them play an active role in the Group's management.

(e) While relocating the headquarters, to strengthen function management and enhance internal management efficiency

In 2015, after the relocation of the plant, the headquarters will be entirely relocated to Livzon Industrial Park. While ensuring a smooth relocation, the Company will actively push forward "3 old transformations" project as required by the government. In the Company's functional headquarters, with the management principle of "streamlining mechanism, delegating of power and strengthening risk management", each department of the Company will continue to work in streamlining the mechanism, delegating power, enhancing efficiency and supporting front-line staff. It will also explore scientific management approaches, adopt new management concepts and strengthen functional management.

The Group must have the proper understanding of and adopt the approach of "service-oriented management", and strike a perfect balance among shareholders' interests, employees' rights and social responsibilities. We shall always consider that a corporation's core competitiveness is derived from its manpower and lies in its services to individuals, thus the Company can satisfy the genuine needs of employees, front-line workers, markets and customers.

5 FINANCIAL REPORT

5.1 Contents, Correct Amounts, Reasons and Effects of Material Accounting Errors

☐ Applicable ✓ Not Applicable

5.2 Detailed Description on Changes of Consolidation Scope in the Year

Amount denominated: RMB

Company Name	Registration Date	Registered Capital	Form of Contribution	Net assets by the end of the Year	Profit during the year
ZhuZhuhai Lihe Pharmaceutical Diagnostic Product Company Limited (珠海麗禾醫療診斷產品有限公司)	21 May 2014	15,000,000.00	Cash	14,937,228.26	–62,771.74

5.3 Explanation of the Board and the Supervisory Committee on the Accounting Firm's "Non-standard Audit Report"

☐ Applicable ✓ Not Applicable

5.4 Disclosure of Comparative Balance Sheet, Income Statement, Cash Flow Statement, Segment Information and Notes to the Financing Statements

The financial statements and notes thereof are prepared according to the China Accounting Standards for Business Enterprises.

5.4.1 Consolidated balance sheet

Amount denominated: RMB

Item	*Notes*	31 December 2014	31 December 2013
Current assets:			
Cash at bank and on hand		**715,705,603.80**	761,044,135.54
Financial assets at fair value through profit or loss		**6,423,571.77**	11,335,125.54
Derivative financial assets		**–**	–
Bills receivables		**305,315,241.79**	271,431,749.11
Accounts receivables	*1*	**1,072,890,517.48**	1,053,350,426.59
Prepayments		**165,935,012.06**	202,437,865.84
Interest receivables		**–**	–
Dividends receivables		**–**	–
Other receivables		**52,132,444.90**	39,477,295.95
Inventories		**847,479,822.39**	641,649,965.85
Classified as held-for–sale assets		**–**	–
Non-current assets due within one year		**–**	–
Other current assets		**–**	–
Total current assets		**3,165,882,214.19**	2,980,726,564.42
Non-current assets:			
Available-for-sale financial assets		**141,402,772.99**	92,294,668.60
Held-to-maturity investments		**–**	–
Long-term receivables		**–**	–
Long-term equity investments		**37,771,892.70**	41,511,757.45
Investment properties		**–**	–
Fixed assets		**2,943,569,643.19**	1,976,910,773.96
Construction in progress		**561,716,329.53**	1,082,419,104.88
Construction supplies		**121,472.17**	481,529.20
Fixed assets to be disposed		**–**	–
Bearer biological assets		**–**	–
Oil and gas assets		**–**	–
Intangible assets		**258,275,580.98**	224,516,411.93
Development costs		**–**	–
Goodwill		**103,040,497.85**	103,040,497.85
Long-term deferred expenses		**25,569,660.19**	13,914,408.10
Deferred tax assets		**65,254,992.11**	50,190,408.52
Other non-current assets		**–**	–
Total non-current assets		**4,136,722,841.71**	3,585,279,560.49
Total assets		**7,302,605,055.90**	6,566,006,124.91

5.4.1 Consolidated balance sheet (Continued)

Item	*Notes*	31 December 2014	31 December 2013
Current liabilities:			
Short-term loans		**375,920,221.10**	491,084,453.79
Financial liabilities at fair value through profit or loss		**–**	–
Derivatives financial liabilities		**–**	–
Bills payables		**352,619,794.63**	375,775,891.08
Accounts payables	*2*	**598,748,939.78**	435,966,092.72
Receipts in advance		**56,013,777.28**	61,780,193.14
Employee benefits payables		**69,614,375.75**	90,493,756.24
Taxes payables		**33,211,993.26**	89,414,763.31
Interest payables		**17,089,201.23**	15,434,979.65
Dividends payables		**5,049,329.12**	2,531,984.46
Other payables		**860,502,818.73**	766,798,857.30
Classified as held-for-sale liabilities		**–**	–
Non-current liabilities due within one year		**400,000.00**	400,000.00
Other current liabilities		**300,000,000.00**	–
Total current liabilities		**2,669,170,450.88**	2,329,680,971.69
Non-current liabilities:			
Long-term loans		**66,500,000.00**	149,900,000.00
Notes payables		**400,000,000.00**	400,000,000.00
Of which: preferred shares		**–**	–
Perpetual bonds		**–**	–
Long-term payables		**–**	–
Long-term employee benefits payables		**–**	–
Special payables		**–**	–
Accrued liabilities		**–**	–
Deferred gain		**77,271,812.03**	79,071,532.72
Deferred tax liabilities		**7,241,263.39**	2,834,136.62
Other non-current liabilities		**–**	–
Total non-current liabilities		**551,013,075.42**	631,805,669.34
Total liabilities		**3,220,183,526.30**	2,961,486,641.03

5.4.1 Consolidated balance sheet (Continued)

Item	*Notes*	**31 December 2014**	**31 December 2013**
Shareholders' equity:			
Share capital		**295,721,852.00**	295,721,852.00
Other equities		**–**	–
Of which: Preferred shares		**–**	–
Perpetual bonds		**–**	–
Capital reserve		**212,694,714.74**	211,945,629.20
Less: Treasury shares		**–**	–
Other consolidated earnings		**–33,326,810.31**	–16,328,209.99
Special reserve		**–**	–
Surplus reserve		**513,472,484.27**	501,196,946.97
General risks provision		**–**	–
Unallocated earnings		**2,707,954,326.83**	2,352,112,358.31
Total equity attributable to shareholders of the parent company		**3,696,516,567.53**	3,344,648,576.49
Non-controlling interests		**385,904,962.07**	259,870,907.39
Total shareholders' equity		**4,082,421,529.60**	3,604,519,483.88
Total liabilities and shareholders' equity		**7,302,605,055.90**	6,566,006,124.91

5.4.2 Consolidated income statement

Amount denominated: RMB

Item	*Notes*	**For the Year**	For the Previous Year
I. Total operating income		**5,544,233,777.86**	4,618,680,040.86
Including: Operating income	*3*	**5,544,233,777.86**	4,618,680,040.86
II. Total operating costs		**4,963,009,813.13**	4,031,426,221.20
Including: Operating costs	*3*	**2,142,911,022.41**	1,694,615,109.00
Business taxes and surcharges	*4*	**69,192,335.88**	58,522,104.24
Selling expenses		**2,208,218,745.28**	1,810,747,376.60
Administrative expenses		**464,522,751.34**	437,293,065.57
Financial expenses		**20,631,590.86**	–15,076,696.90
Impairment loss		**57,533,367.36**	45,325,262.69
Add: Gains from changes in fair value (“–” represents losses)		**–4,939,260.57**	–1,236,410.63
Investment income (“–” represents losses)		**8,223,836.93**	4,539,511.05
Including: Income from investment in associates and jointly controlled entities		**4,781,707.78**	2,803,662.91
III. Operating profit (“–” represents losses)		**584,508,541.09**	590,556,920.08
Add: Non-operating income	*5*	**70,113,415.16**	43,108,434.91
Including: Profit from disposal of non-current assets		**355,242.11**	359,811.57
Less: Non-operating expenses		**2,596,922.38**	4,724,901.29
Including: Losses from disposal of non-current assets		**1,354,272.04**	179,663.39
IV. Profit before income tax (“–” represents total losses)		**652,025,033.87**	628,940,453.70
Less: Income tax expenses	*6*	**98,402,861.09**	104,953,936.07
V. Net profit (“–” represents net losses)		**553,622,172.78**	523,986,517.63
Net profit attributable to the shareholders of the parent company		**515,978,431.82**	487,502,351.80
Profit and loss from non-controlling interests		**37,643,740.96**	36,484,165.83

Item	*Notes*	**For the Year**	For the Previous Year
VI. Other comprehensive net income after taxation		**–31,281,778.71**	–2,765,356.39
Other comprehensive net income after taxation attributable to the shareholders of the parent company		**–16,998,600.32**	–2,748,485.94
(I) Other comprehensive income items subsequently not to be re-classified as profit or loss		**–**	–
1. Changes caused by re-measurement of net liabilities or net assets of benefit plans		**–**	–
2. Other comprehensive income portions subsequently not to be re-classified as profit or loss of investment units using the equity method		**–**	–
(II) Other comprehensive income items subsequently to be re-classified as profit or loss		**–16,998,600.32**	–2,748,485.94
1. Other comprehensive income portions subsequently to be re-classified as profit or loss of investment units using the equity method		**–**	–
2. Profit and loss from change of fair value of available-for-sale financial assets		**–17,246,053.09**	–485,604.92
3. Held-to-maturity investment to be re-classified as available-for-sale financial asset profit and loss		**–**	–
4. Portion of the gains or losses arising from cash valid flow hedges instrument		**–**	–
5. Translation differences of financial statements denominated in foreign currency		**247,452.77**	–2,262,881.02
6. Others		**–**	–
Other comprehensive net income after taxation attributable to non-controlling interests		**–14,283,178.39**	–16,870.45
VII. Total comprehensive income		**522,340,394.07**	521,221,161.24
Total comprehensive income attributable to the shareholders of the parent company		**498,979,831.50**	484,753,865.86
Total comprehensive income attributable to non-controlling interests		**23,360,562.57**	36,467,295.38
VIII. Earnings per share:			
(I) Basic earnings per share	*7*	**1.74**	1.65
(II) Diluted earnings per share	*7*	**1.74**	1.65

5.4.3 Consolidated cash flow statement

Amount denominated: RMB

Item	*Notes*	**For the Year**	For the Previous Year
I. Cash flows from operating activities			
Cash received from sale of goods and rendering of services		**5,734,733,028.52**	4,456,512,759.42
Refund of taxes		**34,804,053.19**	18,024,648.66
Cash received relating to other operating activities		**116,438,994.13**	139,596,652.32
Sub-total of cash inflows from operating activities		**5,885,976,075.84**	4,614,134,060.40
Cash paid for goods and services		**1,631,606,641.93**	1,283,593,895.13
Cash paid to and for employees		**421,094,103.74**	375,282,809.41
Cash paid for all types of taxes		**769,748,289.54**	637,719,137.22
Cash paid relating to other operating activities		**2,346,133,147.08**	1,877,551,692.95
Sub-total of cash outflows from operating activities		**5,168,582,182.29**	4,174,147,534.71
Net cash flows from operating activities		**717,393,893.55**	439,986,525.69
II. Cash flows from investing activities:			
Cash received from disposal of investments		**10,181,993.32**	46,531,879.23
Cash received from return on investments		**4,167,796.06**	891,519.24
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		**2,830,255.60**	186,298.00
Net cash received from disposal of subsidiaries and other operating entities		**–**	–
Cash received relating to other investing activities		**11,844,211.41**	6,849,946.69
Sub-total of cash inflows from investing activities		**29,024,256.39**	54,459,643.16
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		**665,519,169.35**	920,001,234.77
Cash paid for acquisition of investments		**93,254,995.09**	460,000.00
Net cash paid for acquisition of subsidiaries and other operating entities		**–**	–
Cash paid relating to other investing activities		**8,255,955.14**	8,563,590.71
Sub-total of cash outflows from investing activities		**767,030,119.58**	929,024,825.48
Net cash flows from investing activities		**–738,005,863.19**	–874,565,182.32

Item	*Notes*	**For the Year**	For the Previous Year
III. Cash flows from financing activities:			
Cash received from investors		**98,000,000.00**	51,500,000.00
Including: Cash received from non-controlling shareholders of subsidiaries		**98,000,000.00**	51,500,000.00
Cash received from borrowings		**964,948,392.37**	947,017,564.37
Cash received from issue of financing bills		**300,000,000.00**	400,000,000.00
Cash received relating to other financing activities		**–**	40,666,343.14
Sub-total of cash inflows from financing activities		**1,362,948,392.37**	1,439,183,907.51
Cash repayments of borrowings		**1,167,396,663.73**	1,235,160,644.60
Cash paid for dividends, profit distributions or interest		**216,433,837.01**	192,256,865.44
Including: Dividends and profits paid to non-controlling shareholders of subsidiaries		**17,150,000.00**	–
Cash paid relating to other financing activities		**–**	4,000,000.00
Sub-total of cash outflows from financing activities		**1,383,830,500.74**	1,431,417,510.04
Net cash flows from financing activities		**–20,882,108.37**	7,766,397.47
IV. Effect of foreign exchange rate changes on cash and cash equivalents		**–320,229.13**	–895,308.05
V. Net increase in cash and cash equivalents		**–41,814,307.14**	–427,707,567.21
Add: Cash and cash equivalents at the beginning of the period		**750,928,733.31**	1,178,636,300.52
VI. Cash and cash equivalents at the end of the period		**709,114,426.17**	750,928,733.31

5.4.4 Segmental Information

The Group operates a single operating segment in the PRC, i.e. pharmaceutical manufacturing. Accordingly, no operating segmental information of the Group is presented.

5.4.5 Notes to Financial Statements

The notes to financial statements form an integral part of these financial statements. In the notes to the financial statements set out below, unless indicated otherwise, amounts are denominated in RMB, the "Year" means the twelve month period from 1 January to 31 December 2014, the "Previous Year" means the twelve month period from 1 January to 31 December 2013, the "end of the year" means 31 December 2014 and the "beginning of the year" means 31 December 2013.

1. Accounts receivables

According to the credit policies of the Group, the Group usually grants a credit period ranging from 30 to 90 days to its customers.

Ageing analysis of accounts receivables (based on dates of recognition of accounts receivables).

	As at the year end *Amount*	*Percentage (%)*	At the beginning of the year *Amount*	*Percentage (%)*
1 to 90 days	892,939,631.57	78.64	915,319,753.14	82.11
91 to 180 days	177,228,210.75	15.61	118,197,408.04	10.60
181 days to 1 year	37,037,363.34	3.26	42,671,189.41	3.83
1 to 2 years	15,959,104.30	1.41	28,363,181.65	2.54
2 to 3 years	6,833,675.62	0.60	4,774,679.92	0.43
3 to 4 years	1,772,481.41	0.16	1,419,854.38	0.13
4 to 5 years	582,321.27	0.05	988,105.44	0.09
Over 5 years	3,050,834.85	0.27	3,080,930.73	0.27
Total	1,135,403,623.11	100.00	1,114,815,102.71	100.00
Less: provision for bad debts	–62,513,105.63		–61,464,676.12	
	1,072,890,517.48		1,053,350,426.59	

2. Accounts Payables

Breakdown of accounts payables (based on dates of recognition of accounts payables)

	As at the year end	**At the beginning of the year**
1 to 90 days	327,211,277.75	332,078,144.46
91 to 180 days	89,161,459.34	22,789,943.67
181 days to 1 year	117,872,097.04	41,623,708.26
1 to 2 years	43,392,010.73	30,018,248.59
Over 2 years	21,112,094.92	9,456,047.74
Total	598,748,939.78	435,966,092.72

3. *Operating income, operating cost*

Item	Amount incurred in the Year Income	Amount incurred in the Year Cost	Amount incurred in the Previous Year Income	Amount incurred in the Previous Year Cost
Principal activities	5,456,211,974.12	2,083,831,632.88	4,569,387,988.66	1,653,344,112.06
Non-principal activities	88,021,803.74	59,079,389.53	49,292,052.20	41,270,996.94
Total	5,544,233,777.86	2,142,911,022.41	4,618,680,040.86	1,694,615,109.00

The Group operates a single operating segment in the PRC, i.e. pharmaceutical manufacturing. Accordingly, no operating segmental and regional information of the Company is presented.

4. *Business taxes and surcharges*

Item	Amount incurred in the Year	Amount incurred in the Previous Year
Urban maintenance and construction tax payable	37,297,910.45	31,662,997.86
Education surcharges payable	29,191,576.91	24,476,705.48
Flood prevention fee payable	2,460,143.73	2,007,783.14
Business tax payable	241,648.46	82,581.51
Others	1,056.33	292,036.25
Total	69,192,335.88	58,522,104.24

5. Non-operating income

Item	**Amount incurred in the Year**	**Amount incurred in the Previous Year**	**Recognized as extraordinary gains or losses for the period**
Gains on disposal of non-current assets in aggregate	355,242.11	359,811.57	355,242.11
Of which: Gains on disposal of fixed assets	355,242.11	359,811.57	355,242.11
Income from scraps	1,214,462.30	953,579.28	1,214,462.30
Government grants	66,827,495.36	38,842,657.52	66,827,495.36
Compensation income	252,832.99	902,665.59	252,832.99
Waiver of payables	455,033.39	1,106,716.51	455,033.39
Others	1,008,349.01	943,004.44	1,008,349.01
Total	70,113,415.16	43,108,434.91	70,113,415.16

6. Income tax expenses

(1) Breakdown of income tax expenses

Item	**Amount incurred in the Year**	**Amount incurred in the Previous Year**
Current income tax calculated according to tax laws and relevant rules	98,913,586.15	111,641,150.16
Of which: Income tax on domestic enterprises	99,487,636.19	110,948,465.11
Income tax on Hong Kong and Macau enterprises	–574,050.04	692,685.05
Adjustment of deferred income tax	–510,725.06	–6,687,214.09
Total	98,402,861.09	104,953,936.07

(2) Accounting profits and income tax expenses adjustment process

Item	**Amount incurred in the Year**	**Amount incurred in the Previous Year**
Profit before tax	652,025,033.87	628,940,453.70
Income tax calculated at statutory tax rates	163,006,258.47	157,235,113.43
Tax effect of different rates applicable to subsidiaries	1,207,474.59	678,758.33
Effect of tax deduction	–78,318,844.13	–76,372,494.55
Effect of non-deductible expenses	3,435,633.78	2,099,603.18
Credit (charge) on temporary differences on which deferred tax assets are not recognized for the year	–5,358,514.01	9,071,931.33
Deductible losses of deferred tax assets that are not recognized for the year	16,877,054.00	10,336,882.08
Use of deductible losses of deferred tax assets that are not recognized in the previous year	–4,121,151.17	–673,122.56
Others	1,674,949.56	2,577,264.83
Total	98,402,861.09	104,953,936.07

7. Basic earnings per share and diluted earnings per share

(1) The basic earnings per share and diluted earnings per share for each period are shown below

	Amount incurred in the Year		**Amount incurred in the Previous Year**	
Profit for the Year	**Basic earnings per share**	**Diluted earnings per share**	**Basic earnings per share**	**Diluted earnings per share**
Net profit attributable to shareholders of ordinary shares	1.74	1.74	1.65	1.65
Net profit attributable to shareholders of ordinary shares after extraordinary gains or losses	1.57	1.57	1.56	1.56

(2) The calculation of the basic earnings per share and diluted earnings per share

Item	Serial number	**Amount incurred in the Year**	Amount incurred in the Previous Year
Net profit attributable to shareholders of ordinary shares	A	515,978,431.82	487,502,351.80
Extraordinary gains or losses	B	52,946,959.69	25,343,166.07
Net profit attributable to shareholders of ordinary shares after extraordinary gains or losses	C=A-B	463,031,472.13	462,159,185.73
Total number of shares at the beginning of the period	D	295,721,852	295,721,852
Increases of shares due to transfer from capital reserve or share dividend during the Reporting Period	E	0.00	0.00
Increases of shares due to issue of new shares or conversion of debts into shares during the Reporting Period	F	0.00	0.00
Accumulated number of months with increase in number of shares from the next month of the increase to the end of the Reporting Period	G	0.00	0.00
Decreases of shares due to shares repurchase during the Reporting Period	H	0.00	0.00
Accumulated number of months with decrease in number of shares from the next month of the decrease to the end of the Reporting Period	I	0.00	0.00
Decreases of shares due to shares consolidation during the Reporting Period	J	0.00	0.00
Amount of months during the Reporting Period	K	12	12
Weighted average number of ordinary shares issued and outstanding	L=D+E+F*G/K-H*I/K-J	295,721,852	295,721,852
Basic earnings per share	M=A/L	1.74	1.65
Basic earnings per share after extraordinary gains or losses	N=C/L	1.57	1.56

During the current year, there was no potential dilutive ordinary shares. Therefore, diluted earnings per share equals to basic earnings per share.

8. Net current assets and total assets less current liabilities

(1) Net current assets

Item	**Balance at the end of the year**	**Balance at the beginning of the year**
Current assets	3,165,882,214.19	2,980,726,564.42
Less: Current liabilities	2,669,170,450.88	2,329,680,971.69
Net current assets	496,711,763.31	651,045,592.73

(2) Total assets less current liabilities

Item	**Balance at the end of the year**	**Balance at the beginning of the year**
Total assets	7,302,605,055.90	6,566,006,124.91
Less: Current liabilities	2,669,170,450.88	2,329,680,971.69
Total assets less current liabilities	4,633,434,605.02	4,236,325,153.22

9. Depreciation and amortisation

Item	**Balance at the beginning of the year**	**Increase for the Year**	**Decrease for the Year**	**Balance at the end of the year**
Total accumulated depreciation	1,341,472,057.40	228,074,392.73	20,321,156.24	1,549,225,293.89
Total accumulated amortisation	166,178,628.39	19,040,602.87	0.00	185,219,231.26

10. Dividend

After considering the operation of the Company and its demand for capital, the proposed profit distribution plan for 2014 is as follows: based on the Company's total share capital as at the registration date of shares determined by implementation of the 2014 Annual Profit Distribution Plan, to distribute a final cash dividend of RMB1.00 (2013: RMB5.00 for every 10 shares) for every 10 shares held to all the shareholders of the Company and make a bonus issue by way of capitalizing our capital reserve on the basic of 3 Shares for every 10 Shares held (2013: Nil) to all shareholders of the Company. Based on the total issued share capital of the Company of 295,721,852 shares as at the end of the Year, it is expected that the Company will use about RMB29,572,185.20 (2013: RMB147,860,926) on profit distribution, and will capitalize about RMB88,176,555.60 (2013: Nil) of its capital reserve for the bonus issue. All remaining undistributed profits and capital reserve will be carried forward to next year.

6 PURCHASE, SALE AND REDEMPTION OF SECURITIES

Throughout the period from the Company's H Shares being listed on the Main Board of the Hong Kong Stock Exchange on 16 January 2014 (the "H Shares Listing Date") to 31 December 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company.

7 COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company confirmed that the Company has strictly complied with all of the code provisions as set out in the Corporate Governance Code in Appendix 14 of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange ("Hong Kong Listing Rules") throughout the period from the H Shares Listing Date to 31 December 2014.

8 COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Hong Kong Listing Rules as its own code of conduct regarding the securities transactions by the Company's Directors and Supervisors. Having made specific enquiries to all of the Directors and Supervisors of the Company, the Company was not informed of any information which reasonably indicated that each of the Directors and Supervisors had not complied with the standards required by the above code throughout the period from the H Shares Listing Date to 31 December 2014. All Directors and Supervisors have confirmed that they had fully complied with the standards as set out in the above code and the code of conduct of the Company throughout the period from the H Shares Listing Date to 31 December 2014.

9 THE AUDIT COMMITTEE

Members of the Audit Committee of the Board of the Company are Mr. Xu Yanjun (Chairman of the Committee), Mr. Yang Bin and Mr. Guo Guoqing respectively. The Audit Committee has reviewed the Group's results for the year ended 31 December 2014.

10 PROPOSED PROFIT DISTRIBUTION PLAN

The Board has proposed a profit distribution plan for 2014 as follows: based on the Company's total share capital as at the registration date of shares determined by implementation of the 2014 Annual Profit Distribution Plan, to distribute a final cash dividend of RMB1.00 (tax inclusive) (the "**Cash Dividend**") for every 10 shares held to all the shareholders of the Company and make a bonus issue by way of capitalizing our capital reserve on the basic of 3 shares for every 10 shares (the "**Bonus Issue**") held to all shareholders of the Company. Based on the total issued share capital of the Company of 295,721,852 shares as at the end of the Year, it is expected that the Company will use about RMB29,572,185.20 on profit distribution, and will capitalize about RMB88,176,555.60 of its capital reserve for the bonus issue. All remaining undistributed profits and capital reserve will be carried forward to next year.

The above proposed dividend distribution is subject to the approval at the AGM. A circular containing, among other things, further information in respect of the AGM, the Cash Dividend and the Bonus Issue will be dispatched to the shareholders of the Company as soon as practicable.

11 AGM AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The Company will arrange the time of convening the forthcoming AGM as soon as practicable, and the notice of the AGM will be published and dispatched to shareholders of the Company in a timely manner in accordance with the requirements of the Hong Kong Listing Rules and the articles of association of the Company. Once the date of the AGM is finalized, the Company will publish the period of closure of register of members of H shares of the Company in the notice of the AGM.

By order of the Board
麗珠醫藥集團股份有限公司
Livzon Pharmaceutical Group Inc. *
Zhu Baoguo
Chairman

Zhuhai, China
23 March 2015

At the date of this announcement, the Executive Directors of the Company are Mr. Tao Desheng (Vice Chairman and President), Mr. Fu Daotian (Vice President) and Mr. Yang Daihong (Vice President); the Non-Executive Directors of the Company are Mr. Zhu Baoguo (Chairman), Mr. Qiu Qingfeng and Mr. Zhong Shan; and the Independent Non-Executive Directors of the Company are Mr. Xu Yanjun, Mr. Yang Bin, Mr. Guo Guoqing and Mr. Wang Xiaojun.

* *For identification purpose only*