New Ray Medicine
新 銳 醫 藥

New Ray Medicine International Holding Limited
新銳醫藥國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 6108)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

2015 FINANCIAL HIGHLIGHTS

- The Group recorded a revenue of approximately HK$253.0 million for the year ended 31 December 2015 (2014: approximately HK$206.9 million), representing an increase of approximately 22.3% as compared to 2014.

- The Group recorded a profit of approximately HK$14.8 million for the year ended 31 December 2015 (2014: approximately HK$29.7 million), representing a decrease of approximately 50.2% as compared to 2014.

- The Group had a gearing ratio (defined as total bank and other borrowings divided by total equity) of zero as at 31 December 2015 (2014: zero).

The board (the "Board") of directors (the "Directors") of New Ray Medicine International Holding Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015 (the "Year") together with the comparative figures for 2014, as follows:

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Revenue	*3*	**252,985**	206,928
Cost of sales		**(187,359)**	(145,751)
		65,626	61,177
Other income, gains and losses	*4*	**(10,063)**	1,948
Selling and distribution expenses		**(11,525)**	(8,280)
Administrative expenses		**(23,386)**	(10,987)
Share of profit of an associate		**9,411**	–
Profit before tax		**30,063**	43,858
Income tax expense	*5*	**(15,259)**	(14,177)
Profit for the year	*6*	**14,804**	29,681
Other comprehensive expense for the year			
Item that will not be reclassified to profit or loss:			
Exchange difference arising on translation of functional currency to presentation currency		**(9,819)**	(3,682)
Items that may be subsequently reclassified to profit or loss:			
Fair value loss on available-for-sale investments		**(8,012)**	(860)
Reclassification adjustment upon impairment on available-for-sale investments		**10,747**	–
Released on disposal of available-for-sale investments		**1,054**	–
Share of exchange differences of an associate		**(505)**	–
		3,284	(860)
		(6,535)	(4,542)
Total comprehensive income for the year		**8,269**	25,139
Profit for the year attributable to owners of the Company		**14,804**	29,681
Total comprehensive income for the year attributable to owners of the Company		**8,269**	25,139
Earnings per share			
Basic *(HK cents)*	*8*	**1.25**	3.60

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**9,434**	7,718
Prepaid lease payments		**7,635**	8,182
Prepayment for a distribution right		**34,388**	–
Intangible asset		**18,308**	–
Club debenture		**597**	625
Available-for-sale investments		**73,456**	18,723
Interests in associates		**127,537**	–
Interest in a joint venture		**–**	–
Amount due from a joint venture		**–**	–
		271,355	35,248
Current assets			
Inventories		**6,122**	14,403
Trade and other receivables	*9*	**165,695**	128,949
Amount due from an associate		**12,601**	–
Prepayment for a distribution right		**3,821**	–
Prepaid lease payments		**183**	192
Bank balances and cash		**56,795**	150,942
		245,217	294,486
Current liabilities			
Trade and other payables	*10*	**29,483**	16,212
Tax payable		**2,708**	5,347
		32,191	21,559
Net current assets		**213,026**	272,927
Total assets less current liabilities		**484,381**	308,175
Non-current liability			
Deferred tax liabilities		**6,718**	4,984
		477,663	303,191
Capital and reserves			
Share capital	*11*	**14,460**	9,600
Share premium and reserves		**463,203**	293,591
Equity attributable to owners of the Company		**477,663**	303,191

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL

The Company was incorporated on 9 August 2012 and registered as an exempted company with limited liability in Bermuda.

The shares of the Company were listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 25 October 2013. On 16 June 2015, the Company transferred the listing of its shares from GEM to the Main Board of the Stock Exchange (the "Main Board Transfer").

The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is located at Room 517, 5th Floor, Town Health Technology Centre, 10-12 Yuen Shun Circuit, Siu Lek Yuen, Shatin, New Territories, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in trading of pharmaceutical products in the PRC.

The Company's functional currency is Renminbi ("RMB"). However, the consolidated financial statements are presented in Hong Kong dollars ("HK$") for the convenience of shareholders as it is listed in Hong Kong.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied for the first time in the current year the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"):

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-52013 Cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
Amendments to HKAS27	Equity method in separate financial statements[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after a date to be determined.

HKFRS 9 "*Financial Instruments*"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of HKFRS 9 and described as follows:

- all recognised financial assets that are within the scope of HKAS 39 "*Financial Instruments: Recognition and Measurement*" are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of nonfinancial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that based on the Group's consolidated financial statements as at 31 December 2015, the adoption of HKFRS 9 in the future will not affect the classification and measurement of the Group's consolidated financial statements.

HKFRS 15 "*Revenue from contracts with Customer*"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "*Revenue*", HKAS 11 "*Construction Contracts*" and the related interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the consolidated financial statements of the Group.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in wholesale trading of pharmaceutical products in the PRC. Information reported to the chief operating decision maker (the "CODM"), being the executive directors of the Company, for the purposes of resources allocation and assessment of segment performance focuses on types of goods delivered.

Specifically, the Group's reportable and operating segments are as follows:

(i) Injection drugs – trading of injection drugs

(ii) Capsule and granule drugs – trading of capsule and granule drugs

(iii) Tablet drugs – trading of tablet drugs

(iv) Others – trading of miscellaneous types of goods and drugs, other than injection drugs, capsule and granule drugs and tablet drugs

Segment profit represents the gross profit attributable to each segment. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

Segment information about these reportable and operating segments is presented below.

Year ended 31 December 2015

	Injection drugs *HK$'000*	Capsule and granule drugs *HK$'000*	Tablet drugs *HK$'000*	Others *HK$'000*	Total *HK$'000*
REVENUE					
External sales and segment revenue	**211,038**	**35,470**	**2,302**	**4,175**	**252,985**
RESULT					
Segment profit	**53,882**	**9,772**	**269**	**1,703**	**65,626**
Other income, gains and losses					**(10,063)**
Selling and distribution expenses					**(11,525)**
Administrative expenses					**(23,386)**
Share of profit of an associate					**9,411**
Profit before tax					**30,063**

Year ended 31 December 2014

	Injection drugs *HK$'000*	Capsule and granule drugs *HK$'000*	Tablet drugs *HK$'000*	Others *HK$'000*	Total *HK$'000*
REVENUE					
External sales and segment revenue	186,287	14,712	5,030	899	206,928
RESULT					
Segment profit	53,199	6,994	786	198	61,177
Other income, gains and losses					1,948
Selling and distribution expenses					(8,280)
Administrative expenses					(10,987)
Profit before tax					43,858

Information of assets and liabilities for reportable and operating segments are not provided to CODM for their review. Therefore, no analysis of the Group's assets and liabilities by reportable and operating segments are presented.

Geographical information

The Group's operations are located in the PRC (country of domicile). The geographical location of the Group's non-current assets is substantially situated in the PRC.

All of the Group's revenue from external customers is attributed to the group entities' country of domicile (i.e. the PRC).

Revenue from major product and services

No analysis of revenue from external customers for each type of product and services is presented as the management of the Group consider the cost to develop it would be excessive.

4. OTHER INCOME, GAINS AND LOSSES

	2015	2014
	HK$'000	*HK$'000*
Bank interest income	**1,603**	849
Dividend income from available-for-sale investments	**140**	–
Sundry income	**5**	339
Impairment loss on available-for-sale investments	**(10,747)**	–
Realised loss on disposal of available-for-sale investments	**(1,054)**	–
Loss on disposal of property, plant and equipment	**(10)**	(1)
Incentives received from government grants	**–**	761
	(10,063)	1,948

5. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**13,248**	12,410
Underprovision in prior year:		
PRC EIT	**11**	–
	13,259	12,410
Deferred tax	**2,000**	1,767
	15,259	14,177

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profits in Hong Kong.

6. PROFIT FOR THE YEAR

	2015	2014
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging (crediting):		
Directors' emoluments, including retirement benefits scheme contributions	**5,041**	2,198
Other staff costs	**5,865**	5,092
Contributions to retirement benefits scheme, excluding directors	**501**	429
Total staff costs	**11,407**	7,719
Depreciation of property, plant and equipment	**1,773**	1,173
Amortisation of prepaid lease payment	**188**	194
Minimum lease payment under operating leases in respect of rented premises	**1,321**	1,490
Auditor's remuneration	**1,680**	970
Legal and professional fees (included in administrative expenses)	**5,699**	2,054
Donations	**3,271**	126
Loss on disposal of property, plant and equipment	**10**	1
Cost of inventories recognised as an expense	**187,359**	145,751
Bank interest income	**(1,603)**	(849)

7. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Dividend recognised as distribution during the year		
– Final dividend of HK$nil cents per share in respect of financial year ended 31 December 2014 (2014: 2013 Final dividend – HK$2.5 cents per share)	**–**	20,000

No dividend was proposed for the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

	2015	2014
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic earnings per share	**14,804**	29,681

	Number of ordinary shares	
	2015	2014
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**1,188,378**	824,986

No diluted earnings per share were presented as there were no potential dilutive shares during both years.

9. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**52,866**	61,295
Other prepayments	**1,364**	2,135
Prepayments to suppliers	**44,430**	19,397
Deposits paid to suppliers	**66,788**	45,445
Others	**247**	677
Total trade and other receivables	**165,695**	128,949

The Group allows an average credit period ranging from 30 to 90 days to its trade customers. The following is an aged analysis of trade receivables presented based on the invoice dates, which approximated the respective revenue recognition dates, at the end of the reporting period.

	2015	2014
	HK$'000	*HK$'000*
Trade receivables:		
0-30 days	**19,424**	24,750
31-60 days	**26,271**	31,914
61-90 days	**4,445**	2,709
91-180 days	**2,726**	1,922
	52,866	61,295

Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by the customer. Limits attributed to customers are reviewed periodically. Majority of the trade receivables that are neither past due nor impaired have no default payment history. The average age of these receivables as at 31 December 2015 is 82 days (2014: 110 days).

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately HK$2,726,000 (2014: HK$1,922,000) which are past due as at 31 December 2015. The Group has not provided for impairment loss because management is of the opinion the credit quality of these customers has not deteriorated. The Group does not hold any collateral over these balances.

10. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**18,206**	8,579
Deposits received	**507**	187
Receipts in advance	**3,056**	556
Value-added tax payables	**3,541**	4,212
Other tax payables	**312**	301
Accruals	**3,861**	2,377
	29,483	16,212

The following is an aged analysis of trade payables present based on invoice date at the end of the reporting periods:

	2015	2014
	HK$'000	*HK$'000*
0-30 days	**11,044**	6,455
31-60 days	**740**	5
61-90 days	**1,612**	825
Over 90 days	**4,810**	1,294
	18,206	8,579

The credit period on purchase of goods ranges from 30 to 60 days. For certain suppliers, the Group is required to make prepayments and/or pay deposits to the suppliers based on the supplier agreements for purchase of goods.

11. SHARE CAPITAL

The movements of share capital of the Company are as follows:

	Number of shares *'000*	Amount *HK$'000*
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2014 and 31 December 2014	1,000,000	10,000
Increased on 13 February 2015 *(note a)*	1,000,000	10,000
At 31 December 2015	**2,000,000**	**20,000**
Issued and fully paid:		
At 1 January 2014	800,000	8,000
Issue of shares *(note b)*	160,000	1,600
At 31 December 2014	960,000	9,600
Issue of shares *(notes c & d)*	486,000	4,860
At 31 December 2015	**1,446,000**	**14,460**

Notes:

(a) On 13 February 2015, the authorized share capital of the Company was increased from HK$10,000,000 to HK$20,000,000 by the creation of an additional 1,000,000,000 ordinary shares.

(b) On 5 November 2014, the Company completed a top-up placing of 160,000,000 existing shares and the allotment and issue of 160,000,000 new shares under the general mandate to Mr. Zhou Ling and Mr. Dai Haidong, both being Directors at the relevant time, by way of subscription at a subscription price of HK$0.56 per share. The net proceeds from the subscription, after deducting directly attributable costs, were approximately HK$84,800,000.

(c) On 12 May 2015, the Company issued 245,000,000 shares of par value of HK$0.01 each at the subscription price of HK$0.425 per share by way of placing. The net proceeds from the placing were approximately HK$100,000,000.

(d) On 15 September 2015, the Company issued 241,000,000 shares of par value of HK$0.01 each at the subscription price of HK$0.285 per share by way of placing. The net proceeds from the placing were approximately HK$66,203,000.

All ordinary shares issued during the year rank pari passu with the then existing ordinary shares in all respects.

12. EVENT AFTER THE REPORTING PERIOD

Share consolidation (the "Share Consolidation")

On 29 January 2016, the directors of the Company proposed that every 5 issued and unissued then existing ordinary shares of par value of HK$0.01 each in the share capital of the Company be consolidated into 1 consolidated share of par value of HK$0.05 in the share capital of the Company. The Share Consolidation was approved by the shareholders of the Company at a special general meeting on 14 March 2016. As all the conditions precedent to the Share Consolidation have been fulfilled, the Share Consolidation has become effective on 15 March 2016. Details of the Share Consolidation are set out in the announcements of the Company dated on 29 January 2016 and 14 March 2016 and the circular of the Company dated 19 February 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

The macro-economy of the People Republic of China (the "PRC") was undergoing structural reform and a milder growth was recorded. In the backdrop of deteriorating economic growth, the pharmaceutical industry also showed a slower momentum in the second half of 2015. In addition, the pharmaceutical industry in which the Group operates was challenged by the release of a series of relevant policies about the public hospital reform and adjustment of drug prices. The aforesaid policies put the pharmaceutical enterprises into a challenging position and may affect the profitability of the industry.

For the Year, the total revenue of the Group increased to approximately HK$253.0 million, representing an increase of approximately 22.3% as compared to that for the year 2014. Due to the increasing price cut pressure, our gross profit margin for the Year was approximately 25.9%, which has decreased by 3.7 percentage points when compared with the year 2014. Facing the challenges in the industry, the Group deployed more resources in marketing which drove a growth of revenue on the one hand and increased the cost of sales on the other hand. There was a significant increase in selling and distribution expenses of the Group as compared with that for the year 2014. In addition, there was a significant increase in administrative expenses which was mainly due to the increase in the salaries of the back office staff, legal and professional fee, corporate marketing expenses and donation expenses incurred, and the realised fair value losses and impairment losses of the Group's available-for-sale investments of approximately HK$11.8 million as a result of the volatile stock market in Hong Kong in the second half of 2015. As a result, our Group recorded a profit attributable to owners of the Company of approximately HK$14.8 million as compared to a profit of approximately HK$29.7 million for the year 2014.

Business Review

As at 31 December 2015, the Group had 41 pharmaceutical products, of which 36 pharmaceutical products were included in the Medical Insurance Drugs Catalogs. Those drugs are applied to various diseases or illness such as cardiovascular diseases, cerebrovascular diseases, digestive system illness, rheumatism, urinary system illness, anti-viral infection and health supplements. The Group's injection drugs have generated a predominant portion of revenue; other products of the Group include tablet drugs, capsule and granule drugs and other drugs. The Group's current product portfolio primarily comprises 30 injection drugs which are mainly prescription drugs. The table below sets out the revenue of the Group (by form of products) for the years ended 31 December 2014 and 2015, respectively.

	Revenue contributed from each of the segments				**Gross Profit Margin**	
	2014		**2015**		2014	**2015**
	HK$'000	%	***HK$'000***	%	%	**%**
Injection drugs	186,287	90.0	**211,038**	83.4	28.6	**25.5**
Tablet drugs	5,030	2.4	**2,302**	0.9	15.6	**11.7**
Capsule and granule drugs	14,712	7.1	**35,470**	14.0	47.5	**27.6**
Other drugs	899	0.5	**4,175**	1.7	22.0	**40.8**
Total	206,928	100.0	**252,985**	100.0	29.6	**25.9**

(i) Injection Drugs

The injection drugs segment generated a revenue of approximately HK$211.0 million for the year ended 31 December 2015 (2014: HK$186.3 million), representing an increase of approximately 13.3% as compared to 2014. Such increase was attributable to the increase in the sales of the Group's major products, namely Cefamandole Nafate for Injection (注射用頭孢孟多酯鈉) and Italy Levocarnitine Injection (進口左卡尼丁注射液). The sales of Cefamandole Nafate for Injection (注射用頭孢孟多酯鈉) and Italy Levocarnitine Injection (進口左卡尼丁注射液) commenced in April 2014 and June 2014 respectively. The gross profit margin of the injection drugs segment was approximately 25.5% in 2015, representing a decrease of approximately 3.1 percentage point from 2014, as compared to approximately 28.6% in 2014. The lower gross profit margin was due to the price cut for drugs in the public hospitals drug procurement list in the third quarter of 2015 as imposed by the several city governments in Zhejiang.

(ii) Tablet Drugs

The tablet drugs segment generated a revenue of approximately HK$2.3 million for the year ended 31 December 2015 (2014: HK$5.0 million), representing a decrease of approximately 54.0% as compared to 2014. Such decrease was attributable to the decrease in the sales of the Group's major products, namely Cefixime Dispersible Tablet (頭孢克肟分散片) as such product was categorised as antibiotics which should be under limited use as stated in the Administrative Catalogue of the Clinical Use of Antibiotics of Zhejiang Province (2012 version).

(iii) Capsule and granule Drugs

The capsule and granule drugs segment generated a revenue of approximately HK$35.5 million for the year ended 31 December 2015 (2014: HK$14.7 million), representing an increase of approximately 141.5% as compared to 2014. Such increase was attributable to the increase in sales of the Group's products including Cefprozil Granules (頭孢丙烯粒) and Clostridium Butyricum Capsule (酪酸梭菌活菌膠囊). The gross profit margin of the capsule drugs segment was approximately 27.6% in 2015, as compared to approximately 47.5% in 2014, decreased by approximately 19.9 percentage point from 2014 due to the increase in the proportion of the revenue generated from products with relatively low gross profit margin (including the product Cefprozil Granules (頭孢丙烯粒)) over products with relatively high gross profit margin and the price cut for the drugs in the public hospitals drug procurement list in the third quarter of 2015 as imposed by the several city governments in Zhejiang.

(vi) Other Drugs

The other drugs segment generated a revenue of approximately HK$4.2 million for the year ended 31 December 2015 (2014: HK$0.9 million). The increase was primarily due to the commencement of sales of several vitro diagnostic reagents in 2015.

Regarding the Group's distribution network, as of 31 December 2015, the Group procured pharmaceutical products throughout the PRC from 31 suppliers and the Group sold the pharmaceutical products through a network of 179 distributor customers, of which 62 distributor customers covering Zhejiang province with the remaining 117 distributor customers being spread over 22 regions in the PRC, including Shanghai, Chongqing, Anhui province, Sichuan province, Hebei province and Guangdong province. In addition, the Group successfully promoted its products to over 800 hospitals through the last tendering process in Zhejiang province. The Group will assist its suppliers by providing (i) its industry and market expertise; (ii) the marketing intelligence of the products and the provincial market; and (iii) the competitive price suggestions in relation to the collective tendering process, to the suppliers. The Group's reliable supply network and extensive distributorship allow its products to penetrate into different niche markets effectively. The Group believes those assistance provided to the suppliers will strengthen the relationship between the Group and its suppliers and will increase the Group's exposure in China's pharmaceutical market in order to attract reputable suppliers and distributor customers.

FUTURE PROSPECTS

Industry Outlook

The National Health and Family Planning Commission issued the circular on centralized drug procurement by public hospitals on 19 June 2015, which has addressed certain specific issues, including lowering the artificially high drug prices, encouraging more competition in forthcoming provincial drug tendering process and lowering public hospital revenue from sales of drugs. Although more stringent regulations may create short-term operating pressures, the Chinese government continues to commit resources to and invest in the healthcare sector as part of its long-term healthcare reform plan in the long run. Moreover, the aging population, urbanization, increase in chronic diseases and household income and the wider coverage of medical insurance in the PRC will drive the demand for medical treatments. The Group believes that the pharmaceutical industry will be filled with new opportunities and momentum for growth in the long term.

Growth Strategies

(a) *Continue to diversify the existing product portfolio and expand the distribution network*

In order to maintain a diversified product portfolio, the Group has been identifying and acquiring the exclusive distribution rights of pharmaceutical products which are applied in the treatments of a range of illnesses such as cardiovascular diseases, cerebrovascular diseases, digestive system illness, rheumatism, urinary system illness, anti-viral infection and health supplements. The Group has actively identified and obtained new exclusive distribution rights of products in 2015. During the Year, the Group renewed the distribution rights of several products, such as Cefamandole Nafate for Injection (注射用頭孢孟多酯鈉), Clostridium Butyricum Capsule (酪酸梭菌活菌膠囊) and Moxifloxacin Hydrochloride Injection (鹽酸莫西沙星注射液). The Group also acquired the distribution rights of new products, including Xiao Tong Ning Injection (消痛寧注射液), Ornithine Aspartate Injection (門冬氨酸鳥氨酸注射液) and Monosialotetrahexosylganglioside Sodium lnjection (單唾液酸四已糖神經節苷脂鈉注射液).

In 2016, the Group will actively seek new business opportunities in order to diversify and improve the Group's product portfolio by fully utilizing the Group's existing distribution network, resources and market position. The Group will actively identify and obtain new distribution rights of the pharmaceutical products from the existing and potential new suppliers in the PRC and overseas in order to improve and complement the Group's existing product portfolio. The Directors believe the aforesaid strategies will enhance the business and development of the Group.

(b) *Continue to enhance and expand the sales and marketing capabilities*

The Group has actively identified and hired additional sales and marketing personnel throughout the Year to strengthen the Group's sales and marketing capabilities. In addition, after the Main Board Transfer, the Group is able to leverage on the Group's profile and brand recognition to approach various international pharmaceutical enterprises for business opportunities.

Meanwhile, in order to strengthen the competitive advantages over the Group's competitors in Zhejiang province, the Group will continue to enhance its local distribution network and sales and marketing capabilities in the future. In addition, the Group has been exploring different opportunities to enhance its distribution capabilities.

Besides, the Group will continue to seek potential merger and acquisition opportunities in medical-related industries to diversify its business and create synergy for its future development.

FINANCIAL REVIEW

Revenue

The total revenue for the Year was approximately HK$253.0 million, representing an increase of approximately 22.3% from approximately HK$206.9 million for the year ended 31 December 2014. The increase was due to the sales from products such as Italy Levocarnitine Injection (進口左卡尼丁注射液), Cefamandole Nafate for Injection (注射用頭孢孟多酯鈉), Cefprozil Granules (頭孢丙烯粒) and Clostridium Butyricum Capsule (酪酸梭菌活菌膠囊) which was partly offset by the decrease in revenue from the cessation of sales of the Group's products which did not win in the Batch 1 and Batch 2 provincial collective tendering processes held in Zhejiang Province.

Cost of sales

The cost of sales for the Year was approximately HK$187.4 million, representing an increase of approximately 28.5% from approximately HK$145.8 million for the year ended 31 December 2014. The percentage of increase in the cost of sales was higher than that for the increase in revenue, which was attributable to the increase in the proportion of revenue generated from products with relatively low gross profit margin.

Gross profit and gross profit margin

Gross profit increased by approximately HK$4.4 million, or approximately 7.2%, from approximately HK$61.2 million for the year ended 31 December 2014 to approximately HK$65.6 million for the Year due to the increased revenue generated from the Group's products. The Group's gross profit margin decreased from approximately 29.6% for the year ended 31 December 2014 to approximately 25.9% for the Year. Such decrease in gross profit margin was mainly attributable to the lower gross profit margin for most of the products our Group were distributing after the price cut for the drugs in the public hospitals drug procurement list in the third quarter of 2015 as imposed by the several city governments in Zhejiang and the increase in the proportion of the revenue generated from products with relatively low gross profit margin over products with relatively high gross profit margin.

Other income, gains and losses

The net other losses for the Year was approximately HK$10 million while the net other gains of approximately HK$1.9 million was recorded for the year ended 31 December 2014. Such change was primarily attributable to the realised fair value losses and impairment losses of the Group's available-for-sale investments of approximately HK$11.8 million as a result of the volatile stock market in Hong Kong in the second half of 2015. No such realised fair value losses and impairment losses of the Group's available-for-sale investments were recorded for the year ended 31 December 2014.

Selling and distribution expenses

Selling and distribution expenses for the Year was approximately HK$11.5 million, representing an increase of approximately 38.6% or approximately HK$3.2 million from approximately HK$8.3 million for the year ended 31 December 2014. Such increase was due to the Group's strategy on enhancing its brand name and expanding its market share, distribution network and marketing efforts through (i) increasing the headcounts of the Group's marketing team, (ii) participating in drugs fairs held by PharmChina, a national pharmaceutical trade exhibition, to promote the Group's brand name, (iii) organizing and providing training programs and marketing materials to medical practitioners and the Group's distributor customers, (iv) participating in various marketing activities on new products more frequently, especially those for promotion of the Group's products Cefamandole Nafate for Injection (注射用頭孢孟多酯鈉).

Administrative expenses

Administrative expenses for the Year were approximately HK$23.4 million, representing an increase of approximately 112.7% from approximately HK$11.0 million for the year 2014. Such increase was due to (i) the increase in salaries of the back office staff; (ii) the increase in legal and professional fees incurred for the application for the Main Board Transfer, the acquisition of 50% equity interest in Saike International and general regulatory compliance; (iii) increase in corporate marketing expenses through participating in various corporate marketing activities on the promotion of the Group's image during the Year; and (iv) the increase in donation expenses by approximately HK$3.1 million when compared with year 2014. The legal and professional fees have increased by approximately HK$4.4 million when compared with the previous financial year.

Share of results of an associate

Share of results of an associate was approximately HK$9.4 million, which was contributed by the associate company, Saike International.

Income tax expenses

Income tax expenses for the Year was approximately HK$15.3 million, representing an increase of approximately 7.7% from approximately HK$14.2 million in 2014. Such increase was primarily due to the increase in taxable profit and increase in expenses which are non-deductible for tax purposes. Increase in non-deductible expenses for tax purposes was primarily attributable to the increase in the realised fair value loss and impairment loss on available-for-sale investments, donation expenses, corporate marketing expenses for promotion of the Group's image and the legal and professional fees incurred.

Profit for the year

Profit for the Year was approximately HK$14.8 million, representing a decrease of approximately 50.2% from approximately HK$29.7 million for the year ended 31 December 2014. The decrease was primarily due to (i) the realised fair value loss and impairment loss on available-for-sale investments due to the significant decrease in market price as at 31 December 2015 when compared with the initial cost; (ii) the significant increase in selling and distribution expenses of the Group by approximately HK$3.2 million for the Year as compared with that for year 2014; (iii) the significant increase in administrative expenses of the Group for the Year by approximately HK$12.4 million as compared with that for year 2014. Such increase in administrative expenses of the Group was mainly due to the increase in salaries of the back office staff, the increase in legal and professional fees incurred for the application for the Main Board Transfer and the acquisition of 50% equity interest in Saike International and general regulatory compliance, the increase in corporate marketing expenses and the donation expenses.

Available-for-sale investments

The Group's available-for-sale investments, representing equity securities listed in Hong Kong, are stated at fair value which have been determined based on the quoted market bid prices available on the Stock Exchange. As at 31 December 2015, the two stocks are accounted for approximately 74% of the total carrying amount of the Group's available-for-sale investments. During the Year, the Group disposed of certain of the equity securities listed in Hong Kong, the fair value loss of approximately HK$1,054,000 previously accumulated in the investment revaluation reserve is reclassified to profit or loss accordingly. Besides, due to a significant decline in the fair value of certain listed investments below its costs, impairment losses amounting to approximately HK$10,747,000 have been recognised during the Year which was reclassified from the investment revaluation reserve. The Group will continue to monitor investments cautiously due to recent uncertain market conditions.

Liquidity and Financial Resources

During the Year, the long-term funding and working capital required by the Group were primarily derived from income generated from its core business operations and the net proceeds from the placing of shares conducted by the Company during the Year and were used to settle the suppliers' trade payable and the initial deposit for obtaining distribution rights of new products and renewal of distribution rights of existing products. The Group's liquidity position was well-managed in the Year.

The Group's gearing ratio (total bank and other borrowings divided by total equity) was zero (2014: zero) as the Group had no outstanding bank and other borrowings as at 31 December 2015.

The Group had net cash (total cash and cash equivalents less bank and other borrowings) of approximately HK$56.8 million as at 31 December 2015 (2014: approximately HK$150.9 million, net cash). The Group's cash and cash equivalents amounted to approximately HK$56.8 million in total as at 31 December 2015 (2014: HK$150.9 million). Total bank and other borrowings as at 31 December 2015 was nil (2014: nil).

The Group's financial resources are sufficient to support its business operations. The Group will also consider other financing activities when appropriate business opportunities arise under favourable market conditions.

Foreign currency risk

The Group carries out its business in the PRC and most of the transactions are denominated in Renminbi ("RMB"). The Group has foreign currency bank balances which expose the Group to foreign currency risk. To mitigate the foreign currency risk, the Group continually assesses and monitors the exposure of the exchange rate fluctuations. During the Year, the Directors did not consider it necessary to adopt a foreign currency hedging policy as the potential impact to the profit or loss of the Group due to the exchange rate fluctuations is immaterial.

Employee Information

As at 31 December 2015, the Group had 50 employees (2014: 42). Staff costs for the Year, including Directors' remuneration, amounted to approximately HK$11.4 million (2014: HK$7.7 million). The Group's remuneration policy is based on the positions, duties and performances of the employees. The employees' remunerations vary according to their positions, which may include salaries, overtime allowances, bonuses and various subsidies. The Group offers a comprehensive and competitive remuneration and benefits package to all its employees. In addition, the Group has adopted a share option scheme for the purpose of providing incentives and rewards to eligible persons who contribute to the success of the Group's operations.

The Group has also adopted other employee benefits including a provident fund scheme for its employees in Hong Kong, as required under the Mandatory Provident Fund Schemes Ordinance, and has participated in employee pension schemes organised and governed by the relevant local governments for its employees in the PRC.

Contingent Liabilities

As at 31 December 2015, the Group did not have any significant contingent liabilities.

Material Acquisitions or Disposals and Significant Investments

Acquisition of Saike International

In March 2015, the Group entered into a sale and purchase agreement with Ms. Zhao Lei ("Vendor"), an independent third party, for the acquisition of 50% equity interest in Saike International ("Sale Shares") at a consideration of RMB95 million (subject to downward adjustments).

Pursuant to the sale and purchase agreement for the acquisition of 50% equity interest in Saike International, the consideration shall be subject to downward adjustments (if applicable) as follows:

(i) in the event that the audited consolidated net profits of Saike International after taxation for the year ended 31 December 2015 ("2015 Audited Profits") are less than RMB19 million ("2015 Target Profits"), the Vendor shall pay to the Group a sum in cash equal to the difference between the 2015 Target Profits and the 2015 Audited Profits;

(ii) in the event that the audited consolidated net profits of Saike International after taxation for the year ending 31 December 2016 ("2016 Audited Profits") are less than RMB22 million ("2016 Target Profits"), the Vendor shall pay to the Group a sum in cash equal to the difference between the 2016 Target Profits and the 2016 Audited Profits; and

(iii) in the event that the audited consolidated net profits of Saike International after taxation for the year ending 31 December 2017 ("2017 Audited Profits") are less than RMB25 million ("2017 Target Profits"), the Vendor shall pay to the Group a sum in cash equal to the difference between the 2017 Target Profits and the 2017 Audited Profits.

Based on the audited consolidated financial statements of Saike International for the year ended 31 December 2015, the 2015 Audited Profits were approximately RMB19.3 million and no adjustment would be made in this respect.

Saike International and its subsidiaries are principally engaged in the trading of medical devices and equipment in the PRC. On 16 July 2015, all the conditions precedent to the SPA have been fulfilled and the completion took place on the same day. In connection with the completion, on 16 July 2015, the Group and the Vendor entered into a put option deed ("Put Option Deed"), pursuant to which the Vendor granted a put option ("Put Option") to the Group entitling the Group to require the Vendor to purchase the Sale Shares from the Group at the put option exercise price in accordance with the terms and conditions of the Put Option Deed.

The Put Option is exercisable by the Group commencing on the date of completion and ending on the earlier of (i) 30 April 2017; or (ii) the day on which the option notice is served by the Group to the Vendor. Details of such acquisition and the Put Option Deed are set out in the Company's announcements dated 14 February 2015, 20 March 2015, 26 June 2015 and 16 July 2015.

Subscription of shares in Golden Throat Holdings Group Company Limited ("Golden Throat")

In June 2015, China New Rich Medicine Holding Co. Limited, a wholly-owned subsidiary of the Company, entered into the Cornerstone Investment Agreement as subscriber in respect of the subscription of shares in Golden Throat at an aggregate offer price of US$4,000,000 (equivalent to approximately HK$31,200,000). The subscription of shares in Golden Throat was completed in July 2015. The subscribed shares in Golden Throat are accounted for as available-for-sale investments under the consolidated financial statements of the Group.

Save as aforesaid, the Group had no material acquisition or disposal during the Year.

Capital Structure

The capital of the Company comprises only ordinary shares. As at 31 December 2015, the Group had shareholders' equity of approximately HK$477.7 million (2014: HK$303.2 million).

Increase in authorised share capital

As disclosed in the Company's circular dated 22 January 2015, the Board proposed to increase the authorised share capital of the Company from HK$10,000,000 to HK$20,000,000 divided into 2,000,000,000 shares of HK$0.01 each by the creation of an additional 1,000,000,000 new shares of HK$0.01 each which was conditional upon the passing of an ordinary resolution at a special general meeting of the Company. On 13 February 2015, the ordinary resolution to approve the increase in authorised share capital was duly passed by the shareholders of the Company by way of poll at the special general meeting of the Company.

Placing of existing shares under specific mandate

On 27 February 2015, the Company and Gransing Securities Co., Limited ("Placing Agent") entered into the conditional placing agreement ("SM Placing Agreement") in relation to the offer by way of private placing ("SM Placing"), on a best endeavour basis, of up to 245,000,000 new ordinary shares of HK$0.01 each in the share capital of the Company ("SM Placing Shares"), to not less than six placees who and whose ultimate beneficial owners were third parties independent of the Company and not connected nor acting in concert with any of the connected persons of the Company or their respective associates, at a price of HK$0.425 per SM Placing Share ("SM Placing Price") pursuant to the specific mandate ("Specific Mandate") to be obtained at a special general meeting of the Company ("SGM"). The SM Placing Price represented: (i) a discount of approximately 16.7% to the closing price of HK$0.51 per share as quoted on the Stock Exchange on the date of the SM Placing Agreement; and (ii) a discount of approximately 15.3% over the average closing price of HK$0.502 per share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the SM Placing Agreement.

On 27 April 2015, the ordinary resolution to approve the SM Placing and the grant of the Specific Mandate was duly passed by the shareholders of the Company by way of poll at the SGM. On 7 May 2015, the Stock Exchange granted the conditional listing approval in respect of the SM Placing Shares. On 12 May 2015, the Company completed the SM Placing of 245,000,000 SM Placing Shares under the Specific Mandate, at a placing price of HK$0.425 per SM Placing Share. The gross proceeds from the SM Placing were approximately HK$104.13 million. The net proceeds from the SM Placing, after deducting commission and other expenses of the SM Placing, were approximately HK$100.0 million. On such basis, the net issue price was approximately HK$0.408 per SM Placing Share. The aggregate nominal value of the SM Placing Shares was HK$2,450,000. The Company intended to utilise such net proceeds (i) as to about 10% for general working capital of the Group; and (ii) as to about 90% for financing the acquisition of 50% equity interest in Saike International. As at the date of this announcement, approximately HK$10.0 million of net proceeds was utilized as general working capital of the Group and approximately HK$90.0 million of net proceeds was utilized for the acquisition of 50% equity interest in Saike International.

Details of the SM Placing are set out in the Company's announcements dated 27 February 2015 and 12 May 2015, and the Company's circular dated 1 April 2015.

Placing of existing shares under general mandate

On 1 September 2015, the Company and Convoy Securities Limited ("GM Placing Agent") entered into the conditional placing agreement ("GM Placing Agreement") in relation to the offer by way of private placing ("GM Placing"), on a best endeavour basis, of up to 241,000,000 new ordinary shares of HK$0.01 each in the share capital of the Company ("GM Placing Shares"), to not less than six placees who and whose ultimate beneficial owners were third parties independent of the Company and not connected nor acting in concert with any of the connected persons of the Company or their respective associates, at a price of HK$0.285 per GM Placing Share ("GM Placing Price") pursuant to the general mandate ("General Mandate") obtained at the annual general meeting of the Company held on 15 June 2015 ("AGM") at which the General Mandate was granted to the Directors. The GM Placing Price represented: (i) a discount of approximately 16.2% to the closing price of HK$0.34 per share as quoted on the Stock Exchange on the date of the GM Placing Agreement; and (ii) a discount of approximately 14.7% to the average closing price of HK$0.334 per share as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the date of the GM Placing Agreement.

On 15 September 2015, the Company completed the GM Placing of 241,000,000 GM Placing Shares under the General Mandate, at a placing price of HK$0.285 per GM Placing Share. The gross proceeds from the GM Placing were approximately HK$68.7 million. The net proceeds from the GM Placing, after deducting commission and other expenses of the GM Placing, were approximately HK$66.2 million. On such basis, the net issue price was approximately HK$0.275 per GM Placing Share. The aggregate nominal value of the GM Placing Shares was HK$2,410,000. The Company intended to utilise such net proceeds (i) as to about 80% for the potential acquisitions and investments of the Group; and (ii) as to about 20% for general working capital of the Group.

As at the date of this announcement, approximately HK$13.3 million (representing approximately 20% of the net proceeds) have been utilised as general working capital of the Group and approximately HK$27.2 million have been utilised for the acquisition of the listed securities in Hong Kong. The unutilised net proceeds of approximately HK$25.7 million remained in the bank accounts of the Group.

Details of the GM Placing are set out in the Company's announcements dated 1 September 2015 and 15 September 2015.

All ordinary shares issued during the year ended 31 December 2015 rank pari passu with the then existing ordinary shares of the Company in all respects.

Pledge of assets

The Group did not pledge any assets as at 31 December 2015. The Group pledged the buildings and prepaid lease payments with the aggregate carrying values of approximately HK$12.2 million as at 31 December 2014 to secure general banking facilities granted to the Group.

CORPORATE GOVERNANCE

The Board is committed to maintaining a good corporate governance standard. The Board believes that a good corporate governance standard will provide a framework for the Group to formulate the business strategies and policies, and manage the associated risks through effective internal control procedures. It will also enhance the transparency of the Group and strengthen the accountability to the shareholders and creditors. In this regard, a corporate governance committee of the Board has been established with primary responsibility for developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board.

The Main Board Transfer took place on 16 June 2015. Prior to the Main Board Transfer, the Company had adopted all the requirements of the code provisions of the Corporate Governance Code ("GEM CG Code") as set out in Appendix 15 to the Rules Governing the Listing of Securities on GEM as its code provisions. Immediately after the Main Board Transfer, the Company adopted all the requirements of the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules") as its code provisions. Code provision A.2.7 of the CG Code requires that the chairman of the Board to hold meetings at least annually with the non-executive Directors (including the independent non-executive Directors) without the executive Directors present. The Chairman of the Board during the Year, Mr. Zhou Ling, was himself an executive Director and as such compliance with this code provision was infeasible. During the Year, from 1 January 2015 to 15 June 2015 (being the date immediately before the Main Board Transfer taking place), the Company had complied with the GEM CG Code to the extent applicable and permissible to the Company. Save as disclosed above, from 16 June 2015 (being the date on which the Main Board Transfer took place) to 31 December 2015, the Company had complied with the CG Code to the extent applicable and permissible to the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding Directors' securities transactions. Having made specific enquiries of all Directors, all the Directors confirmed that they had complied with the required standard set out in the Model Code throughout the Year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

DIVIDEND

The Board does not recommend the payment of a final dividend for the Year.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Wednesday, 15 June 2016 at 9:00 a.m. in Hong Kong. ("AGM"). A notice convening the AGM will be issued and disseminated to the shareholders of the Company in due course.

REVIEW BY AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the Year have been reviewed by the Audit Committee of the Board.

By order of the Board
New Ray Medicine International Holding Limited
Lee Chik Yuet
Executive Director

Hong Kong, 21 March 2016

As of the date of this announcement, the executive Directors are Mr. Zhou Ling, Ms. Yang Fang and Mr. Lee Chik Yuet; and the independent non-executive Directors are Mr. Ho Hau Cheung, BBS, MH, Mr. Sung Hak Keung, Andy and Mr. Leung Chi Kin.