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Bloomage BioTechnology Corporation Limited
華熙生物科技股份有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 00963)

RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the year ended 31 December 2015 was approximately RMB650,868,000, representing an increase of approximately RMB169,567,000 or 35.2% compared with the corresponding period in 2014.
- Profit attributable to equity shareholders of the Company for the year ended 31 December 2015 was approximately RMB190,393,000, representing an increase of approximately RMB28,326,000 or 17.5% compared with the corresponding period in 2014.
- The equity-settled share-based payment expenses, amortisation expenses of intangible assets and interest expenses on bank loans and convertible bonds of the Group were approximately RMB26,538,000 (2014: RMB26,549,000), RMB9,905,000 (2014: RMB220,000) and RMB8,202,000 (2014: RMB735,000) respectively in 2015, excluding the effect of the above expenses, the profit attributable to equity shareholders of the Company was approximately RMB235,038,000 (2014: RMB189,571,000).
- The Board recommends a final dividend of HK\$2.7 cents per share for the year ended 31 December 2015 (2014: HK\$2.5 cents per share).

The board (the “Board”) of directors (the “Directors”) of Bloomage BioTechnology Corporation 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, together with comparative figures for the year ended 31 December 2014 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
for the year ended 31 December 2015

	<i>Note</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Revenue	4	650,868	481,301
Cost of sales		<u>(163,629)</u>	<u>(105,904)</u>
Gross profit		487,239	375,397
Other revenue	5	15,799	12,979
Distribution costs		(107,070)	(74,646)
Administrative expenses		(141,910)	(104,128)
Other operating income/(expenses), net		<u>569</u>	<u>(1,864)</u>
Profit from the operation		254,627	207,738
Finance costs	6(a)	(16,727)	(9,617)
Share of profits less losses of associates		91	—
Share of loss of a joint venture		<u>(66)</u>	<u>—</u>
Profit before taxation	6	237,925	198,121
Income tax	7	<u>(47,530)</u>	<u>(36,055)</u>
Profit for the year		190,395	162,066
Other comprehensive income for the year (after tax adjustments):			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of foreign operations		(23)	593
Share of other comprehensive income of equity-accounted investees		<u>5,841</u>	<u>—</u>
Total comprehensive income for the year		<u>196,213</u>	<u>162,659</u>
Profit attributable to:			
Equity shareholders of the Company		190,393	162,067
Non-controlling interests		<u>2</u>	<u>(1)</u>
Profit for the year		<u>190,395</u>	<u>162,066</u>
Total comprehensive income attributable to:			
Equity shareholders of the Company		196,211	162,667
Non-controlling interests		<u>2</u>	<u>(8)</u>
Total comprehensive income for the year		<u>196,213</u>	<u>162,659</u>
Earnings per share (RMB)			
Basic	8(a)	<u>0.565</u>	<u>0.488</u>
Diluted	8(b)	<u>0.553</u>	<u>0.473</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
at 31 December 2015

	<i>Note</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment, net	9	362,731	375,622
Construction in progress		5,383	412
Intangible assets	10	208,093	1,160
Lease prepayments		59,161	60,470
Interest in associates	11	240,949	—
Interest in a joint venture		—	—
Deferred tax assets		11,615	11,383
Other non-current assets		35,723	—
Total non-current assets		<u>923,655</u>	<u>449,047</u>
Current assets			
Inventories		117,592	55,082
Trade and other receivables	12	251,874	177,672
Available-for-sale financial assets	13	—	80,000
Restricted cash	14	255,000	15,803
Cash and cash equivalents		651,050	187,840
Total current assets		<u>1,275,516</u>	<u>516,397</u>
Current liabilities			
Secured bank loans	14	472,873	—
Trade and other payables	15	117,801	136,577
Current portion of preferred shares		11,538	10,683
Income tax payable		21,888	13,394
Total current liabilities		<u>624,100</u>	<u>160,654</u>
Net current assets		<u>651,416</u>	<u>355,743</u>
Total assets less current liabilities		<u>1,575,071</u>	<u>804,790</u>
Non-current liabilities			
Preferred shares		39,933	42,946
Convertible bonds	16	326,938	—
Deferred income		16,243	9,337
Total non-current liabilities		<u>383,114</u>	<u>52,283</u>
NET ASSETS		<u>1,191,957</u>	<u>752,507</u>

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
CAPITAL AND RESERVES		
Share capital	3,117	2,969
Reserves	<u>1,188,787</u>	<u>749,487</u>
Total equity attributable to equity shareholders of the Company	1,191,904	752,456
Non-controlling interests	<u>53</u>	<u>51</u>
TOTAL EQUITY	<u>1,191,957</u>	<u>752,507</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2015

		Attributable to equity shareholders of the Company							Non-	
		Share capital	Share premium	Statutory reserve	Exchange reserve	Other reserve	Retained earnings	Total	controlling interests	Total equity
<i>Note</i>		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	Balance at 1 January 2014	2,961	92,220	44,447	(3,914)	78,677	349,895	564,286	59	564,345
	Changes in equity for 2014:									
	Profit for the year	—	—	—	—	—	162,067	162,067	(1)	162,066
	Other comprehensive income	—	—	—	600	—	—	600	(7)	593
	Total comprehensive income for the year	—	—	—	600	—	162,067	162,667	(8)	162,659
	Equity settled share-based transactions	—	—	—	—	26,549	—	26,549	—	26,549
	Appropriation to statutory reserve	—	—	16,745	—	—	(16,745)	—	—	—
	Shares issued on the exercise of share options granted under share option scheme	8	5,088	—	—	(1,182)	—	3,914	—	3,914
	Dividends for the year ended 31 December 2013	—	—	—	—	—	(4,960)	(4,960)	—	(4,960)
		8	5,088	16,745	—	25,367	(21,705)	25,503	—	25,503
	Balance at 31 December 2014	2,969	97,308	61,192	(3,314)	104,044	490,257	752,456	51	752,507

Attributable to equity shareholders of the Company

Note	Share	Share	Statutory	Exchange	Other	Retained	Non-		Total
	capital	premium	reserve	reserve	reserve	earnings	Total	controlling	equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2015	2,969	97,308	61,192	(3,314)	104,044	490,257	752,456	51	752,507
Changes in equity for 2015:									
Profit for the year	—	—	—	—	—	190,393	190,393	2	190,395
Other comprehensive income	—	—	—	5,818	—	—	5,818	—	5,818
Total comprehensive income for the year	—	—	—	5,818	—	190,393	196,211	2	196,213
Equity settled share-based transactions	—	—	—	—	26,538	—	26,538	—	26,538
Appropriation to statutory reserve	—	—	20,941	—	—	(20,941)	—	—	—
Shares issued on the exercise of share options granted under share option scheme	17	9,581	—	—	(2,226)	—	7,372	—	7,372
Equity component of convertible bonds	—	—	—	—	59,627	—	59,627	—	59,627
Issuance of new shares	131	156,147	—	—	—	—	156,278	—	156,278
Dividends for the year ended 31 December 2014	17	—	—	—	—	(6,578)	(6,578)	—	(6,578)
	148	165,728	20,941	—	83,939	(27,519)	243,237	—	243,237
Balance at 31 December 2015	<u>3,117</u>	<u>263,036</u>	<u>82,133</u>	<u>2,504</u>	<u>187,983</u>	<u>653,131</u>	<u>1,191,904</u>	<u>53</u>	<u>1,191,957</u>

NOTES TO THE FINANCIAL INFORMATION

1 CORPORATE INFORMATION

Bloomage BioTechnology Corporation Limited (the “Company”, and together with its subsidiaries, the “Group”) was incorporated in the Cayman Islands on 3 April 2006 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 3 October 2008. The Group is principally engaged in the manufacture and sale of bio-chemical products (including hyaluronic acid (“HA”) raw materials and end products) through its principal subsidiaries established in the People’s Republic of China (the “PRC”), Bloomage Freda Biopharmaceutical Co., Ltd. (“Bloomage Biopharm”), Beijing Bloomage Hyinc Technology Company Limited (“Beijing Bloomage Hyinc”) and Shandong Bloomage Hyinc Biopharm Company Limited (“Shandong Bloomage Hyinc”), and investment holding in associates and a joint venture engaging in design, development, manufacturing and sales of cosmetic products.

2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”). These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

The consolidated financial statements for the year ended 31 December 2015 comprise the Group and the Group’s interest in associates and a joint venture.

The measurement basis used in the preparation of these consolidated financial statements is the historical cost basis except that the following assets are stated at their fair values:

- available-for-sale financial assets.

The preparation of these consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company’s principal subsidiaries operating in the PRC. The Company’s functional currency is Hong Kong dollar (“HKD”).

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- *Annual Improvements to IFRSs 2010-2012 Cycle*
- *Annual Improvements to IFRSs 2011-2013 Cycle*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Annual Improvements to IFRSs 2010-2012 Cycle and 2011-2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, *Related party disclosures* has been amended to expand the definition of a “related party” to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group’s related party disclosures as the Group does not obtain key management personnel services from management entities.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the production and sale of bio-chemical products.

Revenue represents the sales value of goods sold, net of value-added tax.

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
HA raw materials	396,932	320,286
HA end products	243,360	160,012
Others	<u>10,576</u>	<u>1,003</u>
	<u><u>650,868</u></u>	<u><u>481,301</u></u>

The Group's customer base is diversified and includes no customer (2014: no customer) with whom transactions have exceeded 10% of the Group's revenues.

(b) Segment reporting

In accordance with IFRS 8, segment information disclosed in the financial statements was prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments.

The Group has presented two reportable segments for the year ended 31 December 2015, namely domestic customers and overseas customers, both segments are mainly engaged in the production and sale of bio-chemical products.

In presenting information on the reportable segments, segment revenue is based on the geographical location of customers. The measure used for reporting segment profit is "gross profit", after deducting transportation expenses incurred.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year ended 31 December 2015 and the reconciliation of reportable segment revenues and profit or loss are set out below.

	Year ended 31 December 2015				Total
	Domestic	Overseas		Total	
		Asia	Americas		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
HA raw materials and others	288,767	41,749	48,905	28,087	407,508
HA end products	239,223	3,826	75	236	243,360
Revenue	<u>527,990</u>	<u>45,575</u>	<u>48,980</u>	<u>28,323</u>	<u>650,868</u>
Segment results	410,237	25,896	26,481	18,568	481,182
Unallocated income and expenses					<u>(226,555)</u>
Profit from operations					254,627
Finance costs					(16,727)
Share of profits less losses of associates					91
Share of loss of a joint venture					(66)
Income tax					<u>(47,530)</u>
Profit for the year					<u>190,395</u>

Year ended 31 December 2014

	Domestic	Overseas			Total
	<i>RMB'000</i>	Asia <i>RMB'000</i>	Americas <i>RMB'000</i>	Others <i>RMB'000</i>	<i>RMB'000</i>
HA raw materials and others	235,931	28,467	37,410	19,481	321,289
HA end products	158,613	279	236	884	160,012
Revenue	<u>394,544</u>	<u>28,746</u>	<u>37,646</u>	<u>20,365</u>	<u>481,301</u>
Segment results	322,410	16,909	20,279	13,168	372,766
Unallocated income and expenses					<u>(165,028)</u>
Profit from operations					207,738
Finance costs					(9,617)
Income tax					<u>(36,055)</u>
Profit for the year					<u>162,066</u>

The following table sets out information about the geographical location of the Group's property, plant and equipment, construction in progress, lease prepayments, intangible assets, interest in associates and interest in a joint venture and other non-current assets ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, lease prepayments and construction in progress, the location of the operation to which they are allocated, in the case of intangible assets and other non-current assets, and the location of operations, in the case of interest in associates and interest in a joint venture.

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
China (including Hong Kong)	670,883	437,664
United States	208	—
France	222,201	—
Israel	<u>18,748</u>	<u>—</u>
Total	<u>912,040</u>	<u>437,664</u>

5 OTHER REVENUE

		2015	2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	(a)	4,447	3,992
Interest income on cash at bank		5,184	848
Investment income on available-for-sale financial assets		2,494	5,280
Rental income		2,141	2,331
Others		1,533	528
		<u>15,799</u>	<u>12,979</u>

(a) Government grants

The grants represent incentives and awards of RMB 4,447,000 which are mainly in relation to the Group's technical achievement on the research and development of HA products and its expansion of business to overseas markets during the year ended 31 December 2015 (2014: incentives and awards of RMB 3,992,000 mainly in relation to the Group's technical achievement on the research and development of HA products).

There are no unfulfilled conditions and other contingencies attached to the receipt of these government grants. There is no assurance that the Group will receive government grants in the future in respect of any of the Group's research and development and other activities.

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Interest on bank loans	5,304	735
Dividends on preferred shares	8,525	8,882
Interest on convertible bonds (Note 16)	2,898	—
	<u>16,727</u>	<u>9,617</u>

(b) Staff costs

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, wages and other benefits	99,464	66,468
Contributions to defined contribution retirement plan	6,875	5,619
Equity-settled share-based payment expenses		
– share option scheme	6,972	15,907
– group share-based payment transaction settled by the controlling shareholder	17,990	10,642
– shares granted to employees at discount	1,576	—
	<u>132,877</u>	<u>98,636</u>

Pursuant to the relevant labour rules and regulations in the PRC, the subsidiaries of the Group established in the PRC (the “PRC subsidiaries”) participate in defined contribution retirement benefit schemes (the “Schemes”) organised by the local government authorities whereby the PRC subsidiaries are required to make contributions to the Schemes at 18%~20% (2014: 19%~20%) of the eligible employees’ salaries during the year. The local government authorities are responsible for the entire retirement plan obligation payable to retired employees.

The employees of the Company who are stationed in Hong Kong participates in the Mandatory Provident Fund Scheme (“MPF Scheme”), whereby the Company is required to contribute to the MPF Scheme at 5% of the employee’s basic salaries.

For those forfeited contributions under the Schemes and MPF Scheme, the amounts could not be used by the Group to reduce the existing level of contributions.

The Group has no other obligation for the payment of pension benefits beyond the contributions described above.

(c) Other items

		2015	2014
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amortisation			
– intangible assets		9,905	220
– lease prepayments		1,308	1,309
Auditors' remuneration		1,770	1,327
Depreciation		30,340	13,891
Net foreign exchange (gain)/loss		(1,455)	580
Net loss on disposal of property, plant and equipment		8	3
Provision for impairment loss on trade receivables		732	—
Rental income		(2,141)	(2,331)
Operating lease charges in respect of leased property, plant and equipment		6,407	7,060
Cost of inventories	(i)	163,629	105,904
Research and development costs	(ii)	<u>29,803</u>	<u>15,655</u>

- (i) Cost of inventories for the year ended 31 December 2015 included RMB 53,388,000 (2014: RMB 27,973,000) relating to staff costs and depreciation, which amounts were also included in the respective total amounts disclosed separately in Note 6(b) or above for each of these types of expenses.
- (ii) Research and development costs for the year ended 31 December 2015 included RMB 12,319,000 (2014: RMB 8,023,000) relating to staff costs and depreciation, which amounts were also included in the respective total amounts disclosed separately in Note 6(b) or above for each of these types of expenses.

7 INCOME TAX

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Current tax - PRC income tax		
Provision for the year	47,974	39,226
(Over)/under-provision in respect of prior year	(212)	512
Deferred tax		
Origination and reversal of temporary differences	<u>(232)</u>	<u>(3,683)</u>
	<u>47,530</u>	<u>36,055</u>

(b) Reconciliation between actual tax expense and accounting profit at applicable tax rates:

	<i>Note</i>	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Profit before taxation		237,925	198,121
Expected tax on profit before tax, calculated at the rates applicable to profits in the tax jurisdictions concerned	(i) and (v)	72,848	55,121
Tax effect of tax concession	(ii)	(29,639)	(24,501)
Tax effect of non-deductible expenses	(iii)	4,605	3,373
Tax effect of unused tax losses not recognised		1,092	1,686
Utilisation of previous years' unrecognised tax losses		(1,164)	(136)
(Over)/under-provision in respect of prior year		<u>(212)</u>	<u>512</u>
Income tax		<u>47,530</u>	<u>36,055</u>

(i) Provision for PRC income tax is based on a statutory rate of 25% of the assessable profit of the PRC subsidiaries.

- (ii) Pursuant to the notice Lu Ke Han Zi (2014) No.136 issued by Department of Science & Technology of Shandong Province, Finance Bureau of Shandong Province, National Taxation Bureau of Shandong Province and Local Taxation Bureau of Shandong Province on 31 October 2014, Bloomage Biopharm has satisfied certain conditions in the income tax law and was granted the qualification of advanced and new technology enterprise. Bloomage Biopharm was therefore entitled to a concession on PRC income tax of 10% for the three years from 1 January 2014 to 31 December 2016. As a result, the applicable PRC income tax rate of Bloomage Biopharm for 2015 is 15% (2014: 15%).

Pursuant to the notice Jing Ke Fa (2015) No.548 issued by Department of Science & Technology of Beijing, Finance Bureau of Beijing, National Taxation Bureau of Beijing and Local Taxation Bureau of Beijing on 24 November 2015, Beijing Bloomage Hyinc has satisfied certain conditions in the income tax law and was granted the qualification of advanced and new technology enterprise. Beijing Bloomage Hyinc was therefore entitled to a concession on PRC income tax of 10% for the three years from 1 January 2015 to 31 December 2017. As a result, the applicable PRC income tax rate of Beijing Bloomage Hyinc for 2015 is 15% (2014: 25%).

- (iii) The non-deductible expenses primarily represent dividends on the preferred shares and entertainment expenses in excess of allowable limit.
- (iv) Pursuant to the PRC income tax law, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or place of business in the PRC, are subject to PRC income tax at the rate of 10% on various types of passive income including dividends derived from sources in the PRC (“withholding tax”).

Under the Sino-Hong Kong Double Tax Arrangement and the relevant regulations, a Hong Kong company will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong company is the “beneficial owner” and holds 25% of equity interests or more of the Chinese company directly.

As the Company controls the dividend policy of the PRC subsidiaries and it has been determined that no profits of the PRC subsidiaries will be distributed in the foreseeable future, no tax expenses have been recognised during the year ended 31 December 2015 in respect of the withholding tax that would be payable on the distribution of the distributable profits of PRC subsidiaries.

- (v) No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profits subject to Hong Kong Profits Tax during the year ended 31 December 2015.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the year ended 31 December 2015 of RMB 190,393,000 (2014: RMB 162,067,000) and the weighted average number of ordinary shares in issue during the year ended 31 December 2015 of 336,907,000 shares (2014: 332,172,000 ordinary shares), calculated as follows:

(i) Weighted average number of ordinary shares (basic)

	2015	2014
	<i>'000</i>	<i>'000</i>
Issued ordinary shares at 1 January	333,124	332,000
Effect of issuance of new shares	1,814	—
Effect of shares granted to employees at discount	1,460	—
Effect of exercise of share options granted under share option scheme	509	172
	<u>336,907</u>	<u>332,172</u>
Weighted average number of ordinary shares (basic) at 31 December	<u>336,907</u>	<u>332,172</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB 190,393,000 (2014: RMB 162,067,000) and the weighted average number of ordinary shares of 344,437,000 shares (2014: 342,511,000 ordinary shares), calculated as follows:

(i) Weighted average number of ordinary shares (diluted)

	2015	2014
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares at 31 December	336,907	332,172
Effect of deemed issue of shares under the Company's share option scheme and for warrants granted to a director for nil consideration	7,530	10,339
	<u>344,437</u>	<u>342,511</u>
Weighted average number of ordinary shares (diluted) at 31 December	<u>344,437</u>	<u>342,511</u>

Note: The conversion of convertible bonds has anti-dilution effect to the basic earnings per share.

9 PROPERTY, PLANT AND EQUIPMENT, NET

	Buildings <i>RMB'000</i>	Plant and machinery <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Office equipment and others <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:					
At 1 January 2014	79,859	90,436	3,737	6,652	180,684
Additions	—	51	138	3,106	3,295
Transferred from construction in progress	206,016	86,396	—	5,030	297,442
Deduction of government grants received	(30,800)	—	—	—	(30,800)
Disposal	—	(40)	—	—	(40)
At 31 December 2014	<u>255,075</u>	<u>176,843</u>	<u>3,875</u>	<u>14,788</u>	<u>450,581</u>
At 1 January 2015	255,075	176,843	3,875	14,788	450,581
Additions	—	204	231	7,838	8,273
Transferred from construction in progress	—	9,175	—	9	9,184
Disposal	—	(9)	—	—	(9)
At 31 December 2015	<u>255,075</u>	<u>186,213</u>	<u>4,106</u>	<u>22,635</u>	<u>468,029</u>
Accumulated depreciation:					
At 1 January 2014	21,139	34,856	1,752	3,358	61,105
Charge for the year	3,580	7,934	554	1,823	13,891
Written back on disposal	—	(37)	—	—	(37)
At 31 December 2014	<u>24,719</u>	<u>42,753</u>	<u>2,306</u>	<u>5,181</u>	<u>74,959</u>
At 1 January 2015	24,719	42,753	2,306	5,181	74,959
Charge for the year	11,307	15,531	514	2,988	30,340
Written back on disposal	—	(1)	—	—	(1)
At 31 December 2015	<u>36,026</u>	<u>58,283</u>	<u>2,820</u>	<u>8,169</u>	<u>105,298</u>
Net book value:					
At 31 December 2014	<u>230,356</u>	<u>134,090</u>	<u>1,569</u>	<u>9,607</u>	<u>375,622</u>
At 31 December 2015	<u>219,049</u>	<u>127,930</u>	<u>1,286</u>	<u>14,466</u>	<u>362,731</u>

The Group's property, plant and equipment are mainly located in the PRC. As at 31 December 2015, property certificates of certain properties of the Group with an aggregate net book value of RMB 19,600,000 (31 December 2014: RMB 181,387,000) are yet to be obtained. Management expects that the related certificates will be obtained within one year.

As at 31 December 2015, property, plant and equipment of the Group of RMB 200,270,000 (31 December 2014: RMB nil) have been pledged as collateral for the issuance of letters of guarantee by a PRC bank (see Note 14).

(a) Buildings and plant leased out under operating leases

The Group leases out part of the buildings and plant to certain related parties under operating leases. The leases run for a period of one year. None of the leases includes contingent rentals. The Directors consider that these leases are temporary and the Group has the plan to occupy the leased portion of the buildings and plant as factories for the production of HA products or as administrative offices in the short run. Accordingly, the leased portion of the buildings and plant has been accounted for as property, plant and equipment in the consolidated financial statements.

10 INTANGIBLE ASSETS

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Cost:		
At 1 January	2,046	1,733
Additions	204,592	313
Exchange adjustments	12,533	—
	<u>219,171</u>	<u>2,046</u>
At 31 December	<u>219,171</u>	<u>2,046</u>
Accumulated amortisation:		
At 1 January	886	666
Charge for the year	9,905	220
Exchange adjustments	287	—
	<u>11,078</u>	<u>886</u>
At 31 December	<u>11,078</u>	<u>886</u>
Net book value:		
At 31 December	<u>208,093</u>	<u>1,160</u>

Intangible assets mainly represent the exclusive distribution right acquired for the distribution of Laboratoires Vivacy SAS ("Vivacy")'s products in certain countries in the Asia-Pacific region (see Note 11).

11 INTEREST IN ASSOCIATES

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Interest in a material associate	222,201	—
Interest in immaterial associates	18,748	—
	<u>240,949</u>	<u>—</u>

(a) Interest in a material associate

The following list contains only the particulars of a material associate whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid up capital	Proportion of ownership interest			Principal activity
				Group's effective interest	Held by the Company	Held by a subsidiary	
V Plus S.A.	Incorporated	Luxembourg	1,560,000 ordinary shares of Euro 1 each	37.32%	—	37.32%	design, development, manufacturing and sales of medical aesthetics devices

On 15 July 2015, the Group acquired 37.32% of the issued shares of V Plus S.A., an investment holding company with no substantial business activities other than its shareholding of its controlling subsidiary Vivacy which is principally engaged in the design, development, manufacturing and sales of medical aesthetics devices including dermal fillers and cosmetics. In conjunction with the acquisition of the equity interest in V Plus S.A., the Group acquired exclusive distribution right for the distribution of Vivacy's products in certain countries in the Asia-Pacific region. The total of consideration paid and transaction costs incurred by the Group is approximately Euro 61 million, among which approximately Euro 31 million was costs of acquisition for the interest in this associate and approximately Euro 30 million was the costs for the exclusive distribution right (see Note 10) based on an independent valuation report.

This material associate is accounted for using the equity method of accounting in the consolidated financial statements.

Summarised financial information of this material associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

Gross amounts of this material associate	2015 <i>RMB'000</i>
Current assets	122,619
Non-current assets	330,121
Current liabilities	(35,639)
Non-current liabilities	(47,868)
Equity attributable to the shareholders of V Plus S.A.	330,550
Equity attributable to non-controlling interests	38,683
Revenue	83,234
Profit from continuing operations	7,416
<i>Attributable to the shareholders of V Plus S.A.</i>	6,638
<i>Attributable to non-controlling interests</i>	778
Post-tax profit or loss from discontinued operations	—
Other comprehensive income	17,545
<i>Attributable to the shareholders of V Plus S.A.</i>	15,705
<i>Attributable to non-controlling interests</i>	1,840
Total comprehensive income	24,961
<i>Attributable to the shareholders of V Plus S.A.</i>	22,343
<i>Attributable to non-controlling interests</i>	2,618
Dividend received from the associate	—
Reconciled to the Group's interest in this material associate	
Gross amounts of equity attributable to the shareholders of V Plus S.A.	330,500
The Group's effective interest (%)	<u>37.32%</u>
The Group's share of equity attributable to the shareholders of V Plus S.A.	123,343
Goodwill	100,532
Elimination of unrealised profit on V Plus S.A group's sales to the Group	<u>(1,674)</u>
Carrying amount in the consolidated financial statements	<u><u>222,201</u></u>

(b) Interest in immaterial associates

Aggregate information of associates that are not individually material:

	2015
	<i>RMB'000</i>
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	18,748
Aggregate amounts of the Group's share of those associates	
Loss from continuing operations	(713)
Post-tax profit or loss from discontinued operations	—
Other comprehensive income	(20)
Total comprehensive income	(733)

12 TRADE AND OTHER RECEIVABLES

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables from:		
– Third parties	147,964	85,525
– Related parties	948	140
	<u>148,912</u>	<u>85,665</u>
Less: allowance for doubtful debts	(732)	—
	<u>148,180</u>	<u>85,665</u>
Bills receivable	63,598	72,597
Prepayments and other receivables from:		
– Third parties	37,843	17,087
– Related parties	2,253	2,323
	<u>251,874</u>	<u>177,672</u>

All of the trade receivables and bills receivable of the Group are expected to be recovered within one year.

(i) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables and bills receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follow:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	190,131	137,736
3 to 6 months	9,294	10,880
6 to 9 months	7,957	8,463
9 to 12 months	195	1,183
Over 1 year	4,201	—
	<u>211,778</u>	<u>158,262</u>

(ii) Impairment of trade receivables and bills receivable

The movement in the allowance for doubtful debts during the year is as follows:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January	—	—
Impairment loss recognised	<u>732</u>	<u>—</u>
At 31 December	<u>732</u>	<u>—</u>

At 31 December 2015, the Group's trade receivables of RMB 732,000 (31 December 2014: RMB nil) were individually determined to be impaired. The individually impaired receivables related to customers that were in financial difficulties and management assessed these receivables were not expected to be recovered. Consequently, specific allowances for doubtful debts of RMB 732,000 (31 December 2014: RMB nil) were recognised.

(iii) Trade receivables and bills receivable that are not impaired

The analysis of trade receivables and bills receivable, based on the current and overdue status, that are neither individually nor collectively considered to be impaired are as follows:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Current	180,634	140,562
1 to 3 months overdue	20,699	8,054
3 to 6 months overdue	7,676	8,463
6 months to 1 year overdue	2,203	1,183
More than 1 year overdue	566	—
	<u>211,778</u>	<u>158,262</u>

The credit term for trade receivables is generally 30 to 90 days. Bills receivable are generally due within 180 days from the date of billing.

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Group believes that no impairment allowance is necessary as there has not been any significant change in credit quality and these trade and other receivables were considered fully recoverable. The Group has not held any collateral over these balances.

13 AVAILABLE-FOR-SALE FINANCIAL ASSETS

As at 31 December 2014, the available-for-sale financial assets represented the Group's investment in principal-guaranteed banking products which had maturity periods less than 3 months or could be redeemed on demand. These banking products invested in bonds traded in the PRC. As at 31 December 2015, the Group has no available-for-sale financial assets.

14 SECURED BANK LOANS

At 31 December 2015, the secured bank loans represent loans borrowed from a bank in Macau and a bank in Hong Kong mainly for the acquisition of 37.32% issued share capital of V Plus S.A.. These loans have terms of 3 years, however the loan agreements contain clauses which give the banks the rights to demand immediate repayment if the Group fails the banks' annual credit assessment which is determined at the banks' discretion. These bank loans are secured by letters of guarantee issued by a PRC bank. The letters of guarantee issued by the PRC bank are in turn secured by the Group's restricted cash of RMB 255,000,000, property, plant and equipment of RMB 200,270,000 (see Note 9) and lease prepayments of RMB 59,161,000.

15 TRADE AND OTHER PAYABLES

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	35,091	14,913
Bills payables	—	15,803
Payables for construction of plant and purchase of equipment	21,504	59,707
Receipts in advance	15,721	25,358
Value added tax payable	12,852	7,872
Other payables due to related parties	1,563	570
Accrued expenses and other payables	31,070	12,354
	<u>117,801</u>	<u>136,577</u>

All of the trade and other payables of the Group are expected to be settled within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade and bills payables (which are included in trade and other payables), based on the invoice date, is as follows:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	24,884	9,979
3 to 6 months	9,898	19,310
6 months to 1 year	186	1,427
Over 1 year	123	—
	<u>35,091</u>	<u>30,716</u>

The maturity analysis of trade and bills payables is as follows:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Due within 1 month or on demand	<u>35,091</u>	<u>30,716</u>

16 CONVERTIBLE BONDS

The movement of the carrying amount of the convertible bonds for the year ended 31 December 2015 is set out below:

	Liability component	Equity component	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2015	—	—	—
Initial recognition	320,190	59,627	379,817
Interest recognized during the year (Note 6(a))	2,898	—	2,898
Interest payable	(1,699)	—	(1,699)
Exchange adjustments	<u>5,549</u>	<u>—</u>	<u>5,549</u>
At 31 December 2015	<u>326,938</u>	<u>59,627</u>	<u>386,565</u>

On 20 November 2015, the Company issued convertible bonds in the aggregate principal amount of HK\$465,000,000 to Ora Investment Pte. Ltd.. The convertible bonds bear interest rate at 4% per annum payable semi-annually. The maturity date of the convertible bonds is 20 November 2020. The convertible bonds are convertible into ordinary shares of the Company at the option of the holders of the convertible bonds at any time on or after the date of issue of the convertible bonds and up to the date falling seven days prior to the maturity date at a conversion price of HK\$17.2 per share, subject to adjustments.

17 CAPITAL AND DIVIDENDS

(a) Dividends

- (i) Dividends payable to equity shareholders of the Company attributable to the year

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividends proposed after the end of the reporting period of HKD 2.7 cents per ordinary share (2014: HKD 2.5 cents per ordinary share)	<u>8,171</u>	<u>6,578</u>

The final dividends proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

- (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividends in respect of the previous financial year, approved and paid during the year, of HKD 2.5 cents per ordinary share (2014: HKD 1.9 cents per ordinary share)	<u>6,578</u>	<u>4,960</u>

(b) Share Capital

(i) Authorised and issued share capital

	2015		2014	
	No. of shares	HKD'000	No. of shares	HKD'000
Authorised:				
Ordinary shares of HKD 0.01 each	<u>1,000,000,000</u>	<u>10,000</u>	<u>1,000,000,000</u>	<u>10,000</u>
	2015		2014	
	No. of shares	RMB'000	No. of shares	RMB'000
Issued and fully paid:				
At 1 January	333,124,000	2,969	332,000,000	2,961
New shares issued	16,145,834	131	—	—
Shares issued on exercise of share options granted under share option scheme	<u>2,050,000</u>	<u>17</u>	<u>1,124,000</u>	<u>8</u>
At 31 December	<u>351,319,834</u>	<u>3,117</u>	<u>333,124,000</u>	<u>2,969</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(ii) Terms of unexpired and unexercised share options and warrants at the end of the reporting period:

Exercise period	Exercise price	2015	2014
		Number of options/ warrants	Number of options/ warrants
25 December 2013 to 24 December 2017	HKD 4.422	3,066,000	5,116,000
25 December 2014 to 24 December 2017	HKD 4.422	6,240,000	6,240,000
30 October 2014 to 29 October 2018	HKD 16.652	830,000	830,000
30 October 2015 to 29 October 2018	HKD 16.652	830,000	830,000
30 October 2016 to 29 October 2018	HKD 16.652	830,000	830,000
30 October 2017 to 29 October 2018	HKD 16.652	830,000	830,000
23 December 2014 to 22 December 2018	HKD 16.652	1,660,000	1,660,000
23 December 2015 to 22 December 2018	HKD 16.652	1,660,000	1,660,000
23 December 2016 to 22 December 2018	HKD 16.652	1,660,000	1,660,000
23 December 2017 to 22 December 2018	HKD 16.652	1,660,000	1,660,000
27 December 2014 to 26 December 2018	HKD 16.652	4,150,000	4,150,000
27 December 2015 to 26 December 2018	HKD 16.652	4,150,000	4,150,000
27 December 2016 to 26 December 2018	HKD 16.652	4,150,000	4,150,000
27 December 2017 to 26 December 2018	HKD 16.652	4,150,000	4,150,000
		35,866,000	37,916,000

Each option/warrant entitles the holder to subscribe for one ordinary share in the Company.

18 COMMITMENTS

- (a) As at 31 December 2015, the Group had capital commitments for construction of property, plant and equipment as follows:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Authorised and contracted for	8,000	6,190
Authorised but not contracted for	—	—
	<u>8,000</u>	<u>6,190</u>

- (b) As at 31 December 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	1,533	7,392
After 1 year but within 5 years	2,683	461
	<u>4,216</u>	<u>7,853</u>

BUSINESS REVIEW

The Group's annual revenue for the year ended 31 December 2015 amounted to approximately RMB650.868 million, representing an increase of approximately 35.2% compared with the corresponding period in 2014. The Group's gross profit increased by approximately 29.8% from approximately RMB375.397 million for the year ended 31 December 2014 to approximately RMB487.239 million for the year ended 31 December 2015. Profit attributable to equity shareholders of the Company increased by approximately 17.5% from approximately RMB162.067 million for the year ended 31 December 2014 to approximately RMB190.393 million for the year ended 31 December 2015. Subject to approval by the Shareholders at the forthcoming annual general meeting, the Directors recommend the payment of a final dividend for the year ended 31 December 2015 of HK\$2.7 cents per share (2014: HK\$2.5 cents per share) to the Shareholders whose name appear on the register of members of the Company on 17 June 2016, amounting to approximately HK\$9,753,000 in total.

Raw material product business – carrying forward the innovation and growth momentum to succeed in transforming from a simplistic raw material producer to a solutions provider

During the year ended 31 December 2015, against the backdrop of the new normal characterized by global economic downturn and change in domestic economy from rapid growth to slow growth, the Group enhanced customer satisfaction through product upgrade and innovation, improved quality, regional development of specialized sales and put great efforts to develop raw material market through innovative marketing methods. During the year ended 31 December 2015, the Group recorded annual sales of approximately RMB396.932 million, representing an increase of approximately 23.9% compared with the corresponding period in 2014.

The Group strived to build a systematic project research and development platform and a product qualification certification system. In terms of the research and development, the fermentation yield of hyaluronic acid (“HA”) was further improved and the fermentation technology of hyaluronic acid of the Group continued to maintain its position as one of the major suppliers in the industry. At the same time, the Group developed and obtained certification for a series of HA new materials. Hyacross™, the first HA elastomer in the PRC, and cationHA™, a high-affinity HA, were successfully launched to the market in 2015. MiniHA™, an enzyme oligomeric hyaluronic acid, was recognized as “Shandong Province Famous Brand Product (山東省名牌產品)”. Gabarelay™, a new type of food raw materials, was awarded the “2015 Ringier Technology Innovation Award for Functional Ingredient in the Food and Beverage Industry (2015 食品飲料工業功能性配料榮格技術創新獎)”; and Gabacare™, an anti-aging new material, was awarded the “2015 Technology

Innovation Award for Personal Care and Cosmetic Products in China (2015 中國個人護理品及化妝品技術創新獎)”。 In addition, the research and development of cosmetic new materials such as HA derivative, tremella polysaccharide, polyglutamic acid and extracting solution from plant fermentation made significant progress during the year ended 31 Decmeber 2015.

In terms of international registration, eye drops grade HA obtained South Korean Active Ingredient Registration Certificate and the registration of pharmaceutical grade HA was subject to official review in the European Union, India and Russia, in which, the products with new specifications have applied for registration in the European Union. Food grade HA had completed the re-review of the Kosher and HALLA certification and cosmetic grade HA had completed the re-review of the ECOCERT certification.

During the year ended 31 December 2015, through technological innovation, the Group has enriched its HA product line, which has driven the rapid growth in the sale of raw materials. In personal care product area, the Group may offer raw material products which have wider application and variety, such as HA raw material applied in different molecular weight skin care products, MiniHA™ that is powerful for transdermal absorption, Hyacolor™ that functions as skin barriers, Hyacolor™ as cosmetics raw material, CationHA™ as raw material for hair care and facial cleansing. Also, the technical support that the Group has provided to its clients is comprehensive, ranging from product usage to effect evaluation, and such technical support satisfies clients' multi-level needs in product development, thereby energizing the growth of our raw material operation. Medicine grade HA raw/supplementary material product is an area where the Company possesses advantage and remains its core, as well as the major protection for the sustainable growth of raw material operation. Taking advantage of the qualification for production approval of the only fermentation-based HA raw/supplementary material in the PRC at present, the Group continues to maintain its absolutely monopolistic status in domestic medicine grade HA market. In the overseas market expansion, the Group also has substantial room for further development. The Group has currently obtained EU CEP Certificates, US DMF, South Korea KDMF, and Canada DMF Registration No., and has smoothly passed the on-site verification conducted by US FDA and South Korea KFDA in succession. With the increased registration regions and rich registration categories, the Group will accelerate the expansion to the overseas market for medicine grade HA. For the year ended 31 December 2015, the Group has successfully followed up with several medicine grade projects in US, Europe and Asia and has reached formal cooperation, which lay a foundation to the subsequent expansion of medicine grade HA.

End product business – enriching product mix while becoming an all-around service provider and a comprehensive solutions platform

During the year ended 31 December 2015, the Group gradually implemented medical aesthetics ecological chain strategy, and introduced a series of products solutions and multi-category products marketing portfolio, which resulted in high growth in the end product business, thereby driving a further increase in the proportion of the end product business in the Group's business. The Group achieved sales revenue of approximately RMB253.936 million in the end product business (including HA end products and others) in 2015, representing an increase of approximately 57.7% compared with the corresponding period in 2014 and accounted for approximately 39% of the total revenue of the Group, up from approximately 33.5% in 2014.

During the year ended 31 December 2015, the medical aesthetics market in the PRC experienced an overall economic restructuring, which resulted in slower growth of certain large medical institutions due to impact of market changes, as compared to relatively rapid growth of small and medium-sized medical clinics which benefited from the country's new policies such as those regarding doctors' multi-sited license. With approval on more regular products, domestic HA injection filler market has been expanding towards achieving normalization and maturity. By the end of December of 2015, China Food and Drug Administration (CFDA) has approved medical device registration documents for 13 injection filler products among 10 brands. Out of these brands, 5 brands came from developed medical aesthetics markets such as Europe, U.S., Korea and Taiwan. With effective responses to such competition from numerous injection filler brands, the Group maintained its market share of HA injection filler products ("BioHyalux") and recorded healthy sales growth as well. As part of its marketing strategy, the Group showcased to the public facial aesthetics design ideas specific to brands, which, combined with its efforts in catering for the different facial plastics needs from women of all ages, enabled BioHyalux to enter into specific markets. With respect to building of marketing networks, the Company provided custom-made comprehensive services and supports to customers, on account of the bottleneck in the management of its key customers in major cities and leveraging the Group's advantageous resources. In addition, the Company kept abreast of the current pace of HA injection fillers market in the second and third-tier cities, in addition to reasonable allocation of resources, which created a wider range of market opportunities for BioHyalux.

During the year ended 31 December 2015, in term of business promotion for medical aesthetics solutions, the Group has built a leading brand in the domestic medical aesthetics market. Based on the biological activated combined treatment ("BACT"), the Group further introduced a product system with a core of Bio-MESO, which is a treatment system that organically integrated various devices and care products on the basis of their different consumption cycles, with a logical orientation of skin layering

concept. An improved training system, accurate market positioning and diverse product mix are the keys for the Bio-MESO product system to launch successfully. The Bloomage Institute has organized over 500 small-sized product training across the country. By understanding the specific needs of clients and a combination of clinical concepts and business solutions, clients are provided with more effective training, which promotes the recognition of the Group in the industry and their loyalty to the products and services of the Group. In addition, with a main focus on HA+ skin care products for professional repair and maintenance, the Group has fully completed its allocation of products and staff in the dermatology field, and will enter into comprehensive skin business from that of end-product field.

During the year ended 31 December 2015, in terms of the two surgical products, orthopedic use injection (“Hyprojoint”) and Medical HA Gel for ophthalmologic use (“Hymois”), the Group participated in the tendering in 17 provinces in the PRC and identified suitable distributors in the key cities in the PRC. The Group also established cooperation relationships with several hospitals in the PRC and made breakthrough in its business.

Research and development innovation is a driving force for the sustainable development of the Group’s business. During the year ended 31 December 2015, the Group successfully developed several new products including medical aesthetics nursing products of medical devices nature, built marketing channels and introduced them into the market, the development of a range of HA injection filler products, Bio-Meso products and hemostatic products were in the process of clinical testing. The technological innovation projects in Shandong, “Research and Development of Injection Grade Hyaluronic Fluid” and “Research and Production of HA cavity lubricant” have passed acceptance inspection. The Group has developed more than 60 skin care products for professional repair and maintenance around a philosophy of bio-revitalizing adopting a unique HA production and compounding technique. In terms of registration of end products, the Group has obtained the CE certificate of EU Class III medical devices for the HA injection fluid. BioHyalux and its series products have obtained the certificate of registration in Hong Kong and are also in the process of registration in other countries such as Russia. The Group has obtained the health food certificate of registry for its first health food “Oral HA moisturizing capsule (優活膠囊)” as well as the production permit for its disinfection and sanitation products. These new qualifications, development and market entry of new products, the promotion and application of new technology serve as an on-going technique-side guaranty for prolonging the product chain and promoting itself as a comprehensive solutions platform provider.

Capital operation – consolidating superior resources and fully accelerating the internationalization progress

During the year ended 31 December 2015, the Group made major breakthrough in the internationalization development progress of consolidating the world-leading medical aesthetics products. The Group formed strategic cooperation with Laboratoires Vivacy SAS (“Vivacy”), an European renowned brand of HA injection fillers, and Medytox Inc., a Korean pharmaceutical enterprise, through acquisition of equity interest and establishment of a joint venture company, which will allow the Group to include the world’s high-end brands in two core categories of micro-shaping area - HA injection filler and Toxin, greatly enhance the Group’s competitiveness and drive the Group’s leaping development in the PRC and, in turn, the international medical aesthetics market.

The Company successfully introduced GIC Pte. Ltd (“GIC”), an investment company owned by the government of Singapore, as a significant shareholder on 5 November 2015. As a global leading sovereign wealth fund, GIC has become a shareholder of the Company, thereby improving the shareholder structure and providing sufficient capital support to the Company.

Human resource – the backbone force to implement the strategy

During the year ended 31 December 2015, with the progressive enforcement of multiple product lines allocation, the Group actively solicited high-end talents, particularly the professional marketing, research and development, and management personnel, and built a reserve of highly-qualified talents as well as a ladder for their career development, to ensure the smooth implementation of its long-term strategy. In some emerging business fields, the Group adopts a model of project team management through organic interaction among staff in the research and development, marketing, and sales departments to react quickly to the market dynamics.

Outlook and prospects

In 2016, the Group will continue to focus on its strategy of double drives, namely organic growth as well as external mergers and acquisitions by conducting integration and upgrade, together with continuous innovations of its internal business so as to enhance competitiveness, leverage and utilize domestic and overseas renowned medical aesthetics industry resources to provide a wider array of products and solutions with an emphasis on customers’ experience, eventually forming a development strategy for the medical aesthetics ecological chain.

Raw material product business- become a personalized and professional consultant solution provider with a global perspective by leveraging on technology and product innovation

Looking ahead to 2016, continuous innovation and development under external support is a crucial means to enhance the competitiveness of the Group. The Group will develop new raw materials with the global perspective in collaboration and communication with domestic and overseas renowned scientific research institutions, industry associations and academic societies to provide its customers with professional and personalized solutions to increase consumers' reliance on products and services of the Group and to improve its competitiveness. The Group will continue to promote new raw materials and new applications in personal care products area so as to increase the sale of cosmetic grade HA. As pharmaceutical grade HA is an important guarantee for high profitability, the Group will endeavor to accelerate the overseas sales of pharmaceutical grade HA to achieve rapid growth in raw material business.

End product business- improve customer's experience and take advantage of the platform of multiple brands and multiple products portfolio to achieve the goal of the medical aesthetics ecological chain

The vast market demand for plastic surgery in the PRC has further stimulated the development of this industry and created more subtle demand for the service provided by the industry participants. In 2016, the Group will continue to provide more accurate services and more product portfolio solutions to the customers and consumers by taking advantage of the platform of multiple product lines and multiple brands based on their respective clinical and market values.

With respect to the Group's core end product -HA injection filler, the Group is going to launch more category of products and more brands, and the Group's self-developed products containing Lidocaine and Vivacy products are expected to obtain CFDA registration certificate in 2016. As the medical aesthetics market matures, the decision on consumption rests with the consumers themselves instead of the experts such as doctors who controlled the prescription in the past. In response to this market trend, the Group in collaboration with medical aesthetics institutions will foster consumer education and brand concepts cultivation by focusing more on the demand and perception of consumers to establish a loyal consumer group under the brand of "BioHyalux".

In 2016, in addition to promotion, the Group will subdivide each subitem under the BACT business to provide a full package service by combining means of skin treatment at various levels, such as injection micro-shaping, photoelectric treatment device, micro-needle therapy and medical skincare products according to customer's specific needs, and to provide medical institutions and consumers with the most suitable skin aesthetics services with the support of strong training and well-established sales system of the Bloomage Institute. With respect to new growth driver, skin health products, the Group will provide consumers with various levels of solutions to skin problems through penetration of and injection to the skin at various physiological levels by utilizing different devices, complemented with our self-developed consumables and HA+ skin care products, thereby gaining the market initiative in this vast skin business and eventually leading the skin health market.

In 2016, the Group will continue to seek the global resource integration, enhance research and development and registration, constantly improve the product system and strive to accurately position the products to accelerate the business integration and upgrade of the Group.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 December 2015 was approximately RMB650.868 million, representing an increase of approximately 35.2% or approximately RMB169.567 million as compared to the corresponding period of 2014.

The breakdown of the Group's revenue by products was as follows:

	For the year ended 31 December			
	2015		2014	
	<i>RMB'000</i>	<i>%</i>	<i>RMB'000</i>	<i>%</i>
HA raw materials	396,932	61.0	320,286	66.5
HA end products	243,360	37.4	160,012	33.3
Others	10,576	1.6	1,003	0.2
Total	<u>650,868</u>	<u>100.0</u>	<u>481,301</u>	<u>100.0</u>

Cost of sales

Cost of sales for the year ended 31 December 2015 was approximately RMB163.629 million, representing an increase of approximately 54.5% as compared to approximately RMB105.904 million for the corresponding period of 2014. The increase was mainly due to the increase of sales volume.

Gross profit margin

The Group's gross profit margin for the year ended 31 December 2015 slightly decreased to approximately 74.9% from approximately 78.0% in the year ended 31 December 2014. The decrease was mainly due to an increase in product categories and the decrease of average selling prices.

Other revenue

Other revenue of the Group was approximately RMB15.799 million for the year ended 31 December 2015, representing an increase of 21.7% from approximately RMB12.979 million for the year ended 31 December 2014.

Distribution costs

The Group's distribution costs for the year ended 31 December 2015 were approximately RMB107.070 million, representing an increase of approximately 43.4% from approximately RMB74.646 million for the year ended 31 December 2014. The increase was mainly attributable to the combined effect of the increase in amortisation expense of intangible assets related to the exclusive distribution agreements for the distribution of Vivary's products in certain countries in Asia-Pacific region and increase in marketing costs of HA end products, which is in line with the Group's strategy on promotion enhancement and business development. The amortisation expenses of intangible assets included in the distribution costs for the year ended 31 December 2015 were approximately RMB9.557 million (2014: nil).

Administrative expenses

The Group's administrative expenses for the year ended 31 December 2015 were approximately RMB141.910 million, representing an increase of approximately 36.3% from approximately RMB104.128 million for the year ended 31 December 2014. The increase in administrative expenses was mainly due to the increase in staff costs as a result of increase in the number of staff and higher intermediary costs derived from capital market activities such as acquisitions and financing. The non-cash equity-settled share-based payment expenses included in the administrative expenses for the year ended 31 December 2015 were approximately RMB26.538 million (2014: approximately RMB26.549 million).

Other operating income

The Group's other operating income for the year ended 31 December 2015 were approximately RMB0.569 million, representing an increase of approximately RMB2.433 million from approximately RMB1.864 million of other operating expenses for the year ended 31 December 2014.

Finance costs

The Group's finance costs for the year ended 31 December 2015 were approximately RMB16.727 million, representing an increase of approximately 73.9% from approximately RMB9.617 million for the year ended 31 December 2014. The Group's finance costs includes the dividends on the preferred shares, interest on bank loans and interest on convertible bonds.

Profit for the year

The Group's profit for the year ended 31 December 2015 was approximately RMB190.395 million, representing an increase of approximately 17.5% from approximately RMB162.066 million for the year ended 31 December 2014. The non-cash equity-settled share-based payment expenses, amortisation expenses of intangible assets and interest expenses on bank loans and convertible bonds of the Group were approximately RMB26.538 million (2014: RMB26.549 million), RMB9.905 million (2014: RMB0.220 million) and RMB8.202 million (2014: RMB0.735 million) respectively, excluding the effect of the above expenses, the Group's profit for the year ended 31 December 2015 was approximately RMB235.040 million (2014: RMB189.570 million), representing an increase of 24.0%.

Final dividend

The Board proposed the payment of a final dividend of HK\$2.7 cents (2014: HK\$2.5 cents) per share for the year ended 31 December 2015 to the Shareholders whose names appear on the register of members of the Company on 17 June 2016. Subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 6 June 2016. (the "AGM"), it is expected that the final dividend will be paid on or around Friday, 15 July 2016.

Purchase, sale or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

Closure of register of members

The transfer books and register of members of the Company will be closed from 2 June 2016 to 6 June 2016 (both days inclusive) for the purpose of ascertaining Shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's

Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 1 June 2016. In addition, the transfer books and register of members of the Company will be closed from 15 June 2016 to 17 June 2016 (both days inclusive) for the purpose of ascertaining Shareholders' entitlement to the proposed final dividend (if approved at the AGM). In order to qualify for the proposed final dividend (if approved at the AGM), all transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at the above-mentioned address for registration no later than 4:30 p.m. on Tuesday, 14 June 2016. During such periods, no share transfers will be effected.

Liquidity, capital structure and financial resources

As at 31 December 2015, the Group had current assets of approximately RMB1,275.516 million (2014: approximately RMB516.397 million) and current liabilities of approximately RMB624.100 million (2014: approximately RMB160.654 million). The current ratio of the Group as at 31 December 2015 was approximately 204.4% (2014: approximately 321.4%).

As at 31 December 2015, the Group had cash and cash equivalents of approximately RMB651.050 million (2014: approximately RMB187.840 million), of which approximately 10% (2014: approximately 87%) was denominated in RMB, approximately 4% (2014: approximately 6%) in HKD, approximately 84% (2014: approximately 7%) in United States Dollars ("USD"), approximately 1% (2014: approximately 0%) in Euro and approximately 1% (2014: approximately 0%) in Japanese Yen ("JPY").

Total liabilities of the Group amounted to approximately RMB1,007.214 million (2014: approximately RMB212.937 million) as at 31 December 2015.

As at 31 December 2015, the Group's total bank borrowing was RMB472.873 million (31 December 2014: nil).

As at 31 December 2015, the gearing ratio (calculated by dividing total liabilities by total assets) of the Group was approximately 45.8% (2014: approximately 22.1%). The increase in gearing ratio as at 31 December 2015 as compared to that as at 31 December 2014 was principally attributable to issuance of convertible bonds and increase of bank loans in connection with the acquisition of interest in Vivacy.

Net cash generated from operating activities for the year ended 31 December 2015 was approximately RMB159.161 million (2014: approximately RMB137.473 million).

Net cash used in investing activities for the year ended 31 December 2015 was approximately RMB681.733 million (2014: approximately RMB71.422 million), mainly representing the expenditure for the purchase of equipments and intangible assets and payments for the acquisition of interest in associates.

Net cash generated from financing activities for the year ended 31 December 2015 was approximately RMB975.264 million (2014: net cash outflow of approximately RMB47.673 million), mainly representing the increase of bank loans and issuance of new shares and convertible bonds.

The Board is of the opinion that the Group is in a strong and healthy financial position and has sufficient resources to support its operations and meet its foreseeable capital expenditures.

Treasury Policy

It is the Group's treasury management policy not to engage in any highly leveraged or speculative derivative products. During the year ended 31 December 2015, the Group continued to adopt a conservative approach to financial risk management. Most of the assets, receipts and payments of the Group are denominated in RMB.

Exchange risk exposure

The Group's sales were principally made in RMB, USD, HKD and Euro, with the majority of which was denominated in RMB. The Group's secured bank loans at 31 December 2015 was denominated in Euro and USD. Although the Group may be exposed to foreign currency exchange risks, the Board does not expect future currency fluctuations (other than the fluctuations of Euro and USD) to have a material impact on the Group's operations. The Group had not adopted formal hedging policies and no instruments had been applied for foreign currency hedging purposes during the year ended 31 December 2015. The Group will closely monitor the foreign exchange risk and take appropriate measures when needed to address the risk.

Contingent liabilities

As at 31 December 2015, the Group had no material contingent liabilities.

Capital commitment

As at 31 December 2015, the capital commitment of the Group was approximately RMB8.000 million (2014: approximately RMB6.190 million).

Employee information

As at 31 December 2015, the Group had 717 (2014: 568) employees, the majority of whom were stationed in the PRC. Total remuneration for the year ended 31 December 2015 amounted to approximately RMB132.877 million (2014: approximately RMB98.636 million). The Group adopts a competitive remuneration package for its employees. Promotion and salary increments are assessed on a performance-related basis.

Charge on assets

As at 31 December 2015, the Group has pledged bank deposit of RMB255.000 million, property, plant and equipment of RMB200.270 million and lease prepayments of RMB59.161 million for issuance of letters of guarantee issued by a PRC bank that in turn secure the bank loans.

Significant investment, material acquisitions and disposal of subsidiaries and associated companies

Save as disclosed below, during the year ended 31 December 2015, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Group.

Acquisition of 37.32% of Issued Share Capital of V Plus SA (“V Plus”)

On 26 May 2015, the Company (as purchaser) entered into a sale and purchase agreement (the “Sale and Purchase Agreement”) with an individual (holding 858,304 shares of V Plus, representing approximately 55.02% of its entire issued share capital) (the “Major Shareholder”) and two individuals (in aggregate holding 241,000 shares of V Plus, representing approximately 15.45% of its entire issued share capital) (together with the Major Shareholders, collectively, the “Vendors”), pursuant to which the Company agreed to purchase and the Vendors agreed to sell at a consideration of EUR59,000,000 (subject to adjustment based on the Sale and Purchase Agreement) the 582,192 shares of V Plus (of which 507,232 shares to be sold by the Major Shareholder and 74,960 shares in aggregate to be sold by the two other individuals, representing 37.32% of the issued shares of V Plus, which in turn holds 15,613 shares of Laboratoires Vivacy SAS (“Vivacy”) (representing 89.51% of the issued share capital of Vivacy). Vivacy is a privately held company based in France with limited liability. The acquisition of the relevant shares in V Plus was completed on 15 July 2015. For details of this acquisition, please refer to the announcement of the Company dated 26 May 2015, 28 May 2015 and 15 July 2015.

EVENTS AFTER THE REPORTING PERIOD

On 8 January 2016, the Company allotted and issued a total of 9,687,500 management subscription shares (the “Management Subscription Shares”) pursuant to the management subscription agreements entered into between the Company and each of the 23 subscribers on 6 November 2015. The aggregate subscription consideration was HK\$116,250,000, being the subscription price of HK\$12 per Management Subscription Share multiplied by the number of Management Subscription Shares.

Further details of the allotment and issue of the Management Subscription Shares are set out in the announcements of the Company dated 6 November 2015, 2 December 2015, 17 December 2015 and 8 January 2016.

COMPLIANCE WITH MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules as its own code of conduct regarding dealing in securities of the Company by the Directors. The Company has also adopted the Model Code for the relevant employees. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the Model Code for the year ended 31 December 2015. Moreover, no incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE

During the year ended 31 December 2015, the Company had complied with all applicable code provisions as set out in the Corporate Governance Code (the “Corporate Governance Code”) contained in Appendix 14 to the Listing Rules.

AUDIT COMMITTEE

The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of the Group. As at the date of this announcement, the members of the audit committee comprise of three independent non-executive Directors, namely Mr. Li Junhong, Ms. Zhan Lili and Mr. Xue Zhaofeng. Mr. Li Junhong, who possesses rich financial management experience and relevant expertise, is the chairman of the audit committee. The written terms of reference of the audit committee adopted by the Board are in compliance with the Corporate Governance Code and are available on the websites of the Company and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

During the year ended 31 December 2015, the audit committee has reviewed the Group’s internal controls. The Group’s annual results for the year ended 31 December 2015 had been reviewed and discussed by the audit committee before submission to the Board for approval. The audit committee has also reviewed this result announcement, and confirms that it is complete and accurate and complies with the Listing Rules. There is no disagreement between the Directors and the audit committee regarding the selection and appointment of the external auditors.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of this preliminary announcement of the Group's results for the year ended 31 December 2015 have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect were limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by KPMG on this announcement.

PUBLICATION OF ANNUAL REPORT

The 2015 annual report of the Company will be dispatched to the Shareholders and published on the website of the Stock Exchange (www.hkex.com.hk) and the Company (www.bloomagebio-tech.com) respectively in due course.

By order of the Board
Bloomage BioTechnology Corporation Limited
Zhao Yan
Chairman

Hong Kong, 22 March 2016

As at the date of this announcement, the executive Directors are Ms. Zhao Yan, Mr. Jin Xuekun, Ms. Liu Aihua and Ms. Wang Aihua; the non-executive Director is Mr. Yau Wai Yan; the independent non-executive Directors are Ms. Zhan Lili, Mr. Li Junhong and Mr. Xue Zhaofeng.