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BBI LIFE SCIENCES CORPORATION

BBI生命科學有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1035)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

ANNUAL RESULTS HIGHLIGHTS

- For the year ended 31 December 2015 (the “**Reporting Period**”), the revenue of the Group was approximately RMB282.39 million, representing an increase of 11.5% as compared with RMB253.19 million for the same period of 2014.
- For the year ended 31 December 2015, the gross profit increased by 15.9% from RMB130.36 million for the same period of 2014 to RMB151.08 million.
- For the year ended 31 December 2015, the profit of the Group increased by 39.9% from approximately RMB35.98 million for the same period of 2014 to approximately RMB50.35 million. After deducting non-recurring one-off gains and expenses including listing expense, the gain from the disposal of 31% equity interest in Shanghai PrimeGene Bio-Tech Co., Ltd. and share-based payment (in tax exclusive terms), the adjusted net profit of 2014 was approximately RMB46.93 million, representing a year-on-year increase of 12.1% compared to approximately RMB52.61 million in 2015.
- For the year ended 31 December 2015, profit attributable to equity holders of the Company increased by 51.2 % from approximately RMB33.29 million for the same period of 2014 to approximately RMB50.34 million. After deducting the aforesaid item of non-recurring one-off gain for the same period of 2014, the adjusted profit attributable to equity holders of the Company was approximately RMB44.37 million, representing an increase of 18.6% compared to approximately RMB52.6 million in 2015.

POSITIONING OF THE COMPANY

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

BUSINESS REVIEW

During the Reporting Period, the overall revenue of the Group was approximately RMB282.39 million, representing an increase of 11.5% as compared with RMB253.19 million for 2014. The overall gross profit increased by 15.9% from RMB130.36 million for the previous year to RMB151.08 million this year. The overall gross profit margin increased by 2.0% from 51.5% for the previous year to 53.5% this year. The increase in gross profit margin was attributable to continuous and stable increase in revenue, the active control over production costs of the Company and implementation of new technology during the year. During the Reporting Period, profit attributable to equity holders of the Company was approximately RMB50.34 million.

During the Reporting Period, the revenue of DNA synthesis products, genetic engineering services, life sciences research consumables and protein and antibody related products and services accounted for approximately 40.5%, 19.5%, 29.4% and 10.6% of the total revenue of the Group respectively.

Results Analysis of the Four Business Segments

1. *DNA Synthesis Products*

Results

During the Reporting Period, the Group continued to maintain a leading position in this segment. Revenue of DNA synthesis products segment amounted to RMB114.26 million, representing an increase of 13.3% over the same period in 2014. It was mainly attributable to persistent improvement in product quality and developing new technology, which enables the steady increase of sales of products and leading position. During the Reporting Period, the Group successfully explored and implemented the high-throughput gene synthesis technology which is the leading technology in the field of gene synthesis and could increase the efficiency and decrease costs. In summary, the gross profit margin of this segment raised from 59.9% in 2014 to 60.3% this year.

Development Strategies

In 2016, the Group will accelerate the upgrading of technology, and devote efforts to maintain the leading position of DNA synthesis products in the market. The Group will endeavor to establish the facilities which are used in the production of industrial-grade DNA synthesis, such as factory improvement and equipment upgrading. Compared with research-grade DNA products, industrial-grade DNA products have a broader market and customer base. Meanwhile, the Group will further optimize the high throughput gene synthesis technology and continue to expand its application. With the development of synthetic biology, the demand and application of gene synthesis will be further expanded. The Group will further enhance its competitive strength and leadership of DNA synthesis products in the market by implementing the above strategies.

2. Genetic Engineering Services

Results

During the Reporting Period, revenue of the genetic engineering services segment amounted to RMB55.08 million, representing an increase of 12.3%. It was mainly because the Group set up service sites actively in the second and third tier cities in the PRC which facilitated the steady increase in the number of orders. Gross profit margin varied from 51.8% for the same period last year to 50.9% this year, as the Group improved the competitive strength of genetic engineering services segment through adjusting the price actively.

Development Strategies

With the development of high-throughput sequencing technology, the requirement of first generation sequencing technology, which serves as validation for result of high-throughput sequencing technology, is growing. The Group plans to continue to increase its investment in the first generation sequencing, including setting up more service sites in second and third tier cities in the PRC. In addition, the Group will further invest in this area going forward to provide clients with high-throughput sequencing services to meet the demand of in vitro detection and diagnosis as applying such technology to in vitro detection and diagnosis have become an industry trend. The Group also plans to expand this business segment to food safety and biosecurity rapid detection related products and services by investing in a biotech company which is situated in Shanghai and focuses on food safety and biosecurity.

3. Life Sciences Research Consumables

Results

During the Reporting Period, revenue of life sciences research consumables segment was RMB83.17 million, representing an increase of 7.4% as compared with the same period of last year. The continuous decline of the Euro exchange rate and the unfavorable economic condition in the European market have caused a relatively low growth in this segment. Gross profit margin increased to 51.7% for 2015 from 46% of last year, mainly due to further improvement in the automation level, which allowed the production efficiency and the yield rate to be improved significantly and the comprehensive cost to be further reduced.

Development Strategies

The Group intends to further develop the linkage among various segments. In order to expand the business scope of the Company and offer more choices to clients, the life sciences research consumables segment will also develop consumables, reagent, test kits and protein gel products applicable to the field of the in vitro detection and diagnosis. Further, the Group will continue to implement automatic transformation, forecast to construct an assembly line for automatic distributing of kit and a logistics system that can realize the integration of storage and sorting. In addition, in order to enhance the market competitiveness of the segment, the Group will upgrade the hygiene level of its facilities which may allow the Group to offer raw material to in vitro detection and diagnostic reagent supplier in the future.

4. Protein and Antibody Related Products and Services

Results

During the Reporting Period, revenue of the protein and antibody related products and services segment increased by 15.6% to RMB29.88 million. Gross profit margin soared from 34.5% for the same period last year to 37.1% this year. The Group adjusted the product and service portfolio for this segment this year and focused on products and services with satisfactory market prospect to further optimize its product and service portfolio and improve the overall gross margin.

Development Strategies

Protein and antibody related products and services will be the key business segment to be developed by the Group in 2016. Faced with the relatively substantial development potential of protein and antibody related products and services market in the PRC, the Group will progressively explore enzymes, antigens and antibody applicable to the field of in vitro detection and diagnostic to provide in vitro detection and diagnostic reagent supplier with the core raw material. In addition, the Group has planned to develop approximately 1,000 types of antibodies and 300 types of recombinant proteins for life sciences research this year for the use in the research fields of testing, analysis and diagnostics to meet market demand based on the sales of and demand for new products.

The board of directors (the “**Board**”) of the Company is pleased to announce the audited consolidated results of the Group for the Reporting Period, together with the comparative figures for the year 2014 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Note</i>	Year ended 31 December	
		2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Revenue	3	282,390	253,193
Cost of sales	3, 4	<u>(131,312)</u>	<u>(122,830)</u>
Gross profit		151,078	130,363
Selling and distribution expenses	4	(49,819)	(46,201)
General and administrative expenses	4	(46,151)	(66,583)
Other income – net	5	486	828
Other losses – net	5	<u>(3,515)</u>	<u>(726)</u>
Operating profit		52,079	17,681
Finance income	6	6,027	3,158
Finance costs	6	<u>(551)</u>	<u>(1,686)</u>
Finance income – net	6	5,476	1,472
Share of profit of an associate		–	1,734
Gain on disposal of an associate		<u>–</u>	<u>26,386</u>
Profit before income tax		57,555	47,273
Income tax expense	7	<u>(7,207)</u>	<u>(11,295)</u>
Profit for the year		50,348	35,978
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
– Currency translation differences		<u>6,465</u>	<u>(628)</u>
Total comprehensive income for the year		56,813	35,350
Total profit attributable to:			
Equity holders of the Company		50,344	33,290
Non-controlling interests		<u>4</u>	<u>2,688</u>
		50,348	35,978

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(continued)*

		Year ended 31 December	
	<i>Note</i>	2015	2014
		RMB'000	RMB'000
Total comprehensive income attributable to:			
Equity holders of the Company		56,809	32,670
Non-controlling interests		<u>4</u>	<u>2,680</u>
		<u>56,813</u>	<u>35,350</u>
Earnings per share for profit attributable			
to equity holders of the Company during the year			
(expressed in RMB per share)			
– Basic	8	<u>0.095</u>	<u>0.084</u>
– Diluted	8	<u>0.093</u>	<u>0.084</u>

CONSOLIDATED BALANCE SHEET

		As at 31 December	
	<i>Note</i>	2015	2014
		<i>RMB'000</i>	<i>RMB'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	10	155,924	116,540
Land use rights		30,178	30,849
Intangible assets	11	8,265	2,863
Deferred income tax assets		3,402	2,491
Other non-current assets	13	7,342	14,063
		<u>205,111</u>	<u>166,806</u>
Current assets			
Inventories	14	49,205	43,469
Trade and bills receivables	15	59,931	54,333
Prepayments, deposits and other receivables	13	19,930	138,469
Cash and cash equivalents		349,892	195,821
		<u>478,958</u>	<u>432,092</u>
Total assets		<u>684,069</u>	<u>598,898</u>
EQUITY			
Share capital	16	4,239	4,142
Share premium	16	456,013	445,429
Other reserves		(58,525)	(74,964)
Retained earnings		158,841	119,504
		<u>560,568</u>	<u>494,111</u>
Non-controlling interests		<u>22</u>	<u>39</u>
Total equity		<u>560,590</u>	<u>494,150</u>

CONSOLIDATED BALANCE SHEET *(continued)*

		As at 31 December	
	<i>Note</i>	2015	2014
		RMB'000	RMB'000
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		4,694	4,217
Deferred income		1,201	1,361
		<u>5,895</u>	<u>5,578</u>
Current liabilities			
Trade payables	17	7,253	5,908
Accruals and other payables	18	105,428	92,887
Current income tax liabilities		4,386	–
Current portion of deferred income		517	375
		<u>117,584</u>	<u>99,170</u>
Total liabilities		<u>123,479</u>	<u>104,748</u>
Total equity and liabilities		<u>684,069</u>	<u>598,898</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company						Total Equity RMB'000
	Share capital RMB'000 (Note 14)	Share premium RMB'000 (Note 14)	Other reserves RMB'000 (Note 16)	Retained earnings RMB'000 (Note 15)	Total RMB'000	Non- controlling interests RMB'000	
Balance at 1 January 2014	89,631	191,363	(82,416)	90,254	288,832	12,921	301,753
Comprehensive income							
Profit for the year	–	–	–	33,290	33,290	2,688	35,978
Currency translation differences	–	–	(620)	–	(620)	(8)	(628)
Total comprehensive income	–	–	(620)	33,290	32,670	2,680	35,350
Transactions with owners							
Share-based payment	–	–	10,508	–	10,508	341	10,849
Acquisition of non-controlling interests	–	–	(6,476)	–	(6,476)	(14,187)	(20,663)
Issue of new shares (Note 16)	345	89,286	–	–	89,631	–	89,631
Repurchase of old shares (Note 16)	(89,631)	–	–	–	(89,631)	–	(89,631)
Dividends declared by the subsidiary of the Group	–	–	–	–	–	(1,716)	(1,716)
Appropriation to statutory reserve	–	–	4,040	(4,040)	–	–	–
Capitalisation issue (Note 16)	2,762	(2,762)	–	–	–	–	–
Issue of new shares upon Global Offering (Note 16)	1,035	167,542	–	–	168,577	–	168,577
Total transactions with owners	(85,489)	254,066	8,072	(4,040)	172,609	(15,562)	157,047
Balance at 31 December 2014	<u>4,142</u>	<u>445,429</u>	<u>(74,964)</u>	<u>119,504</u>	<u>494,111</u>	<u>39</u>	<u>494,150</u>
Balance at 1 January 2015	4,142	445,429	(74,964)	119,504	494,111	39	494,150
Comprehensive income							
Profit for the year	–	–	–	50,344	50,344	4	50,348
Currency translation differences	–	–	6,465	–	6,465	–	6,465
Total comprehensive income	–	–	6,465	50,344	56,809	4	56,813
Transactions with owners							
Share-based payment	–	–	2,257	–	2,257	–	2,257
Issue of new shares (Note 16)	97	10,584	–	–	10,681	–	10,681
Dividends	–	–	–	(3,311)	(3,311)	–	(3,311)
Appropriation to statutory reserve	–	–	7,696	(7,696)	–	–	–
Capital injection by the equity holder of a subsidiary	–	–	21	–	21	(21)	–
Total transactions with owners	97	10,584	9,974	(11,007)	9,648	(21)	9,627
Balance at 31 December 2015	<u>4,239</u>	<u>456,013</u>	<u>(58,525)</u>	<u>158,841</u>	<u>560,568</u>	<u>22</u>	<u>560,590</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 December	
<i>Note</i>	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Cash flows from operating activities		
Net cash generated from operating activities	<u>87,460</u>	<u>50,355</u>
Cash flows from investing activities		
Net cash generated from investing activities	<u>(49,797)</u>	<u>12,805</u>
Cash flows from financing activities		
Net cash generated from financing activities	<u>111,631</u>	<u>22,821</u>
Net increase in cash and cash equivalents	149,294	85,981
Cash and cash equivalents at beginning of the year	195,821	109,556
Effect of foreign exchange rate changes	<u>4,777</u>	<u>284</u>
Cash and cash equivalents at end of the year	<u>349,892</u>	<u>195,821</u>

Notes:

1 GENERAL INFORMATION OF THE GROUP

BBI Life Sciences Corporation (the “**Company**”) was incorporated in the Cayman Islands on 10 July 2013 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office was Floor 4, Willow House, Cricket Square, P.O.BOX 2804 Grand Cayman KY1-1112, Cayman Islands. In September 2014, the Company’s registered office was changed to Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company’s shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 30 December 2014.

The Company, an investment holding company, and its subsidiaries (the “**Group**”) are principally engaged in the development, manufacture and sale of various life science products used in scientific research, and the provision of life science related services. The products and services include mainly DNA synthesis products, genetic engineering services, life science research consumables and protein and antibody related products and services.

These consolidated financial statements are presented in Renminbi (RMB), unless otherwise stated, and were approved for issue by the Board of Directors on 29 March 2016.

2 BASIS OF PREPARATION

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets which are carried at fair value.

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

2.2 Changes in accounting policy and disclosures

(a) *New and amended standards adopted by the Group*

The following new and amended standards have been adopted by the Group for the first time for the financial year beginning 1 January 2015.

Amendments from annual improvements to HKFRSs – 2010 – 2012 Cycle, on HKFRS 3, ‘Business combinations’, HKFRS 8, ‘Operating segments’, HKAS 24, ‘Related party disclosures’.

Amendments from annual improvements to HKFRSs – 2011 – 2013 Cycle, on HKFRS 13, ‘Fair value measurement’.

Amendments and interpretations as mentioned above are not expected to have a material effect on the Group’s operating results, financial position or comprehensive income.

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

In addition, the requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

- (c)** Standards, amendments and interpretations to existing standards effective in 2015 but not relevant to the Group.

		Effective for annual periods beginning on or after
Amendment to HKAS 19	Defined benefits	1 July 2014
HKAS 16	Property, plant and equipment	1 July 2014
HKAS 38	Intangible assets	1 July 2014
HKAS 40	Investment property	1 July 2014

- (d)** The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted:

		Effective for annual periods beginning on or after
Amendments to HKAS 1	Disclosure initiative	1 January 2016
Amendments to HKFRS 10	Consolidated financial statements	1 January 2016
Amendment to HKFRS 11	Joint arrangements	1 January 2016
Amendments to HKFRS 12	Disclosure of interests in other entities	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
Amendments to HKAS 16	Property, plant and equipment	1 January 2016
Amendment to HKAS 27	Consolidated and separate financial statements	1 January 2016
Amendments to HKAS 28	Investment in associates	1 January 2016
Amendments to HKAS 38	Intangible assets	1 January 2016
Amendments to HKAS 41	Agriculture	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019 or when apply HKFRS 15

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

		Effective for annual periods beginning on or after
HKFRS 5	Non-current assets held for sale and discontinued operations	1 January 2016
HKFRS 7	Financial instruments: Disclosures	1 January 2016
HKAS 19	Employee benefits	1 January 2016
HKAS 34	Interim financial reporting	1 January 2016

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

3. SEGMENT INFORMATION

The segment information for the year ended 31 December 2015 is as follows:

	DNA synthesis products	Genetic engineering services	Life science research consumables	Protein and antibody related products and services	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment sales	<u>114,258</u>	<u>55,079</u>	<u>83,168</u>	<u>29,885</u>	<u>282,390</u>
Segment cost of sales	<u>(45,344)</u>	<u>(27,024)</u>	<u>(40,152)</u>	<u>(18,792)</u>	<u>(131,312)</u>
Segment gross profit	<u>68,914</u>	<u>28,055</u>	<u>43,016</u>	<u>11,093</u>	<u>151,078</u>

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

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

4 EXPENSES BY NATURE

	Year ended 31 December	
	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Employee benefit expenses	70,215	76,282
Raw materials used	88,750	78,881
Changes in inventories of finished goods and work in progress	(6,000)	(197)
Depreciation and amortisation charges	16,271	13,060
Provision for/(reversal of) impairment of trade and bills receivables	2,974	(991)
Provision for impairment of inventory	572	18
Transportation expenses	9,130	7,462
Utilities	3,076	2,880
Professional service fees	1,514	2,194
Research and development expenses	15,331	12,700
Taxes and surcharges	3,268	1,884
Travel expenses	2,370	1,563
Repair expenses	2,591	2,558
Operating leases	1,835	1,286
Office expenses	4,028	3,179
Auditor's remuneration	2,527	1,385
Listing expenses	–	23,325
Other expenses	<u>8,830</u>	<u>8,145</u>
Total cost of sales, selling and distribution costs and administrative expenses	<u>227,282</u>	<u>235,614</u>

5 OTHER INCOME AND LOSSES

	Year ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Other income – net		
Government grants	–	303
Amortisations of deferred income	<u>486</u>	<u>525</u>
	<u>486</u>	<u>828</u>
Other losses – net		
Losses on disposal of property, plant and equipment – net	(560)	(139)
Exchange losses – net	(2,972)	(584)
Others	<u>17</u>	<u>(3)</u>
	<u>(3,515)</u>	<u>(726)</u>

6 FINANCE INCOME – NET

	Year ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Finance costs		
– Net foreign exchange losses	–	(417)
– Other finance costs	<u>(551)</u>	<u>(1,269)</u>
	<u>(551)</u>	<u>(1,686)</u>
Finance income		
– Interest income on available-for-sale financial assets	2,930	1,876
– Net foreign exchange gains	1,420	–
– Interest income on bank deposits	869	743
– Other finance income	<u>808</u>	<u>539</u>
	<u>6,027</u>	<u>3,158</u>
Net finance income	<u>5,476</u>	<u>1,472</u>

7 INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	8,136	11,278
Deferred income tax	<u>(929)</u>	<u>17</u>
Income tax expense	<u>7,207</u>	<u>11,295</u>

8 EARNINGS PER SHARE

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

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

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

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

	Year ended 31 December	
	2015	2014
Profit attributable to equity holders of the Company (<i>RMB'000</i>)	<u>50,344</u>	<u>33,290</u>
Weighted average number of ordinary shares in issue (<i>'000</i>)	530,647	394,216
Adjustments for share option plan	<u>12,227</u>	<u>49</u>
Weighted average number of ordinary shares for diluted earnings per share (<i>'000</i>)	<u>542,874</u>	<u>394,265</u>
Basic earnings per share (<i>RMB per share</i>)	<u>0.095</u>	<u>0.084</u>
Diluted earnings per share (<i>RMB per share</i>)	<u>0.093</u>	<u>0.084</u>

9 DIVIDENDS

	Year ended 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed final dividend of HK\$0.011 (2014: HK\$0.008) per ordinary share	<u>4,946</u>	<u>3,311</u>

The dividends paid in 2015 was HK\$4,199,000 (HK\$0.008 per share), equivalent to RMB3,311,000. A dividend in respect of the year ended 31 December 2015 of HK\$0.011 per share, amounting to a total dividend of HK\$5,906,000, which equivalent to RMB4,946,000, is to be proposed at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

10 PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and equipment	Office equipment	Others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2014							
Cost	7,603	60,859	70,054	4,726	6,855	1,285	151,382
Accumulated depreciation	—	(13,117)	(17,904)	(2,636)	(3,036)	—	(36,693)
Net book amount	7,603	47,742	52,150	2,090	3,819	1,285	114,689
Year ended 31 December 2014							
Opening net book amount	7,603	47,742	52,150	2,090	3,819	1,285	114,689
Additions	—	20	1,928	371	612	13,550	16,481
Transfers	—	—	6,653	206	1,055	(7,914)	—
Disposals	—	—	(1,266)	(42)	(97)	—	(1,405)
Depreciation	—	(2,629)	(7,041)	(745)	(1,484)	—	(11,899)
Exchange difference	(597)	(720)	(3)	(1)	(5)	—	(1,326)
Closing net book amount	7,006	44,413	52,421	1,879	3,900	6,921	116,540
At 31 December 2014							
Cost	7,006	60,144	77,105	5,087	8,015	6,921	164,278
Accumulated depreciation	—	(15,731)	(24,684)	(3,208)	(4,115)	—	(47,738)
Net book amount	7,006	44,413	52,421	1,879	3,900	6,921	116,540
Year ended 31 December 2015							
Opening net book amount	7,006	44,413	52,421	1,879	3,900	6,921	116,540
Additions	—	78	13,813	1,269	2,098	39,441	56,699
Transfers	—	—	922	—	337	(1,259)	—
Disposals	—	(180)	(380)	(4)	(7)	—	(571)
Depreciation	—	(3,149)	(8,927)	(985)	(1,912)	—	(14,973)
Exchange difference	(631)	(1,124)	(4)	(1)	(11)	—	(1,771)
Closing net book amount	6,375	40,038	57,845	2,158	4,405	45,103	155,924
At 31 December 2015							
Cost	6,375	58,434	90,694	6,403	10,339	45,103	217,348
Accumulated depreciation	—	(18,396)	(32,849)	(4,245)	(5,934)	—	(61,424)
Net book amount	6,375	40,038	57,845	2,158	4,405	45,103	155,924

11 INTANGIBLE ASSETS

	Patent <i>RMB'000</i>	Goodwill <i>RMB'000</i>	Computer software <i>RMB'000</i>	Brand Name <i>RMB'000</i>	Contractual customer relationships <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2014						
Cost	406	–	793	–	–	1,199
Accumulated amortisation	(51)	–	(507)	–	–	(558)
Net book amount	355	–	286	–	–	641
Year ended 31 December 2014						
Opening net book amount	355	–	286	–	–	641
Additions	–	–	2,712	–	–	2,712
Amortisation	(330)	–	(160)	–	–	(490)
Closing net book amount	25	–	2,838	–	–	2,863
At 31 December 2014						
Cost	406	–	3,505	–	–	3,911
Accumulated amortisation	(381)	–	(667)	–	–	(1,048)
Net book amount	25	–	2,838	–	–	2,863
Year ended 31 December 2015						
Opening net book amount	25	–	2,838	–	–	2,863
Additions	–	–	1,996	–	–	1,996
Acquisition of a subsidiary	–	1,627	–	119	2,441	4,187
Amortisation	(25)	–	(509)	(9)	(84)	(627)
Exchange difference	–	(61)	–	(4)	(89)	(154)
Closing net book amount	–	1,566	4,325	106	2,268	8,265
At 31 December 2015						
Cost	406	1,566	5,501	114	2,351	9,938
Accumulated amortisation	(406)	–	(1,176)	(8)	(83)	(1,673)
Net book amount	–	1,566	4,325	106	2,268	8,265

12 INVESTMENT IN AN ASSOCIATE

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
At 1 January	–	20,425
Disposal	–	(14,580)
Dividend declared	–	(7,579)
Share of profit	–	1,734
	<u>–</u>	<u>1,734</u>
At 31 December	<u>–</u>	<u>–</u>

In April 2014, the Group disposed its equity interest in Shanghai PrimeGene Bio-Tech Co., Ltd. (“PrimeGene”) to a third party company, with the consideration of USD 7,114,000 and recorded a disposal gain of RMB 26,386,000.

13 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Non-current:		
Receivables for disposal of an associate (<i>Note 1</i>)	7,030	13,685
Others	312	378
	<u>7,342</u>	<u>14,063</u>
Current:		
Prepayments for purchases of raw materials	2,566	2,979
Receivables for disposal of an associate (<i>Note 1</i>)	7,463	9,441
Prepaid value-added tax, current income tax and other taxes	5,646	3,389
Receivable for IPO proceeds (<i>Note 2</i>)	–	120,733
Others	4,255	1,927
	<u>19,930</u>	<u>138,469</u>

Note 1: In April 2014, the Group disposed its equity interest in Prime Gene, an associate of the Group, to a third party company. According to the payment terms stipulated in the sales and purchase agreement, the buyer committed to pay RMB 9,441,000 within 1 year from the transaction date, and pay RMB 7,627,000 at each of the second and third anniversary of the sales transaction date. The Group has received RMB 9,441,000 for the year ended 31 December 2015.

As at 31 December 2015, receivables for disposal of an associate amounted to RMB 14,493,000 were guaranteed by an affiliate of the acquiring company.

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

14 INVENTORIES

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	30,479	30,171
Work in progress	1,993	1,201
Finished goods	<u>21,639</u>	<u>16,431</u>
	54,111	47,803
Less: inventory provision	<u>(4,906)</u>	<u>(4,334)</u>
	<u><u>49,205</u></u>	<u><u>43,469</u></u>

15 TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Trade and bills receivables	65,569	56,997
Less: provision for impairment of trade receivables	<u>(5,638)</u>	<u>(2,664)</u>
Trade and bills receivables – Net	<u><u>59,931</u></u>	<u><u>54,333</u></u>

As at 31 December 2015 and 2014, the ageing analysis of the trade and bills receivables based on invoice date was as follows:

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	38,983	38,331
3 to 6 months	10,976	9,477
6 to 12 months	9,145	7,029
Over 12 months	<u>6,465</u>	<u>2,160</u>
	<u><u>65,569</u></u>	<u><u>56,997</u></u>

16 SHARE CAPITAL AND SHARE PREMIUM

	<i>Note</i>	Number of issued and fully paid shares	Nominal value of ordinary shares <i>NT\$</i>	Nominal value of ordinary shares <i>HK\$</i>
Authorised:				
At 31 December 2013		100,000,000	1,000,000,000	–
Increase	<i>(i)</i>	43,497,100	–	434,971
Cancellation	<i>(i)</i>	(100,000,000)	(1,000,000,000)	–
Increase	<i>(ii)</i>	<u>1,956,502,900</u>	<u>–</u>	<u>19,565,029</u>
At 31 December 2014		<u>2,000,000,000</u>	<u>–</u>	<u>20,000,000</u>
At 31 December 2015		<u><u>2,000,000,000</u></u>	<u><u>–</u></u>	<u><u>20,000,000</u></u>

	<i>Note</i>	Number of issued and fully paid shares	Nominal value of ordinary shares <i>NT\$</i>	Nominal value of ordinary shares <i>HK\$</i>	Equivalent nominal value of ordinary shares <i>RMB'000</i>	Share Premium <i>RMB'000</i>
Issued:						
At 1 January 2014		43,497,100	434,971,000	–	89,631	191,363
Issue	<i>(i)</i>	43,497,100	–	434,971	345	89,286
Repurchase and cancelled	<i>(ii)</i>	(43,497,100)	(434,971,000)	–	(89,631)	–
Capitalisation issue	<i>(iii)</i>	350,000,000	–	3,500,000	2,762	(2,762)
Issue upon Global Offering	<i>(iv)</i>	<u>131,166,000</u>	<u>–</u>	<u>1,311,660</u>	<u>1,035</u>	<u>167,542</u>
Balance at 31 December 2014		<u><u>524,663,100</u></u>	<u><u>–</u></u>	<u><u>5,246,631</u></u>	<u><u>4,142</u></u>	<u><u>445,429</u></u>
Transaction with owners for the year ended 31 December 2015						
Share-based payment– exercise of share option	<i>17</i>	<u>12,211,380</u>	<u>–</u>	<u>122,114</u>	<u>97</u>	<u>10,584</u>
At 31 December 2015		<u><u>536,874,480</u></u>	<u><u>–</u></u>	<u><u>5,368,745</u></u>	<u><u>4,239</u></u>	<u><u>456,013</u></u>

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

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

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

- (ii) Pursuant to the written resolution passed by the Company's Board of Directors and shareholders on 8 December 2014, the authorised share capital of the Company increased from HK\$434,971 divided into 43,497,100 shares of HK\$0.01 each to HK\$20,000,000 divided into 2,000,000,000 shares of HK\$0.01 each.
- (iii) On 30 December 2014, pursuant to the written resolution passed by the Company's Board of Directors and shareholders on 8 December 2014, the sum of HK\$3,500,000 was capitalized from share premium account of the Company and applied in paying up in full at par of 350,000,000 shares for allotment and issue to the shareholders whose names were on the register of members of the Company at the close of business on 29 December 2014 in proportion to their respective shareholdings.
- (iv) On 30 December 2014, the Company issued 131,166,000 shares at HK\$1.75 per share in connection with its global offering and raised gross proceeds of approximately HK\$229,540,500 (equivalent to approximately RMB181,153,000). A net proceeds of approximately HK\$213,686,000 (equivalent to approximately RMB 168,577,000) after deducting the capitalized listing expense was credited to share capital and share premium. The Company's shares were listed on the Main Board of the Stock Exchange on the same day.

17 TRADE PAYABLES

As at 31 December 2014 and 2015, the ageing analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	6,855	5,599
3 months to 6 months	368	258
6 months to 1 year	30	–
Over 1 year	–	51
	<u>7,253</u>	<u>5,908</u>

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

18 ACCRUALS AND OTHER PAYABLES

	As at 31 December	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
Payables for purchase of property, plant and equipment	687	340
Salary and staff welfare payables	8,611	6,947
Payables for value-added tax and other taxes	1,930	3,037
Advance from customers	87,916	64,937
Payables for listing expenses	50	16,991
Payables for professional service fee	2,283	–
Other payables	3,951	635
	<u>105,428</u>	<u>92,887</u>

FINANCIAL REVIEW

	For the year ended 31 December		
	2015	2014	Change
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	282,390	253,193	29,197
Gross profit	151,078	130,363	20,715
Net profit	50,348	35,978	14,370
Profit attributable to			
Equity holders of the Company	50,344	33,290	17,054
Earnings per share (<i>RMB</i>)	0.095	0.084	0.011

Revenue

During the Reporting Period, the Group recorded revenue of RMB282.39 million, representing an increase of 11.5% from RMB253.19 million for the same period of 2014. This is mainly contributed by the steady growth of the Four Business Segments.

Gross Profit

During the Reporting Period, the Group's gross profit increased by 15.9 % from RMB130.36 million for the same period of 2014 to RMB151.08million in 2015. Gross profit margin remained stable, from 51.5% for the same period last year to 53.5% this year.

Selling and distribution expenses

The selling and distribution expenses increased by 7.8 % to RMB49.82 million during the Reporting Period from RMB46.20 million for the same period of 2014. It is attributed by market development and product marketing.

General and administrative expenses

During the Reporting Period, the general and administrative expenses decreased by 42.8% to RMB30.82 million excluding the research and development expense from RMB53.88 million excluding the research and development expense for the same period of 2014. The general and administrative expenses of 2014 includes the one off public listing expense of RMB23.33 million.

Research and development expenses

During the Reporting Period, the research and development expenses increased by 20.7% to RMB15.33 million from RMB12.7 million for the same period of 2014, as the Company accelerate the upgrade of its technology.

Income tax expenses

The income tax expenses decreased from RMB11.30 million for the same period of 2014 to RMB7.21 million for the Reporting Period because of tax impact from the non-recurring one-off gain of RMB 26.39 million on the disposal of 31% equity interest in Shanghai Primehere Bio-Tech Co., Ltd. last year. The other reason is that the Group stopped providing the deferred tax liabilities associated with the withholding tax for the profit to be distributed to overseas Shareholders followed by its intention to retain the profit in the PRC for further business development and re-measurement of defer tax assets of Sangon Biotech with an expected applicable tax rate of 25%. Sangon Biotech is planning to apply for the review procedure of High-Tech Enterprise qualification (the “**Application**”). The income tax rate for the year 2016 would be 15%, if the Application was approved by the authority.

Net profit

For the Reporting Period, net profit of the Group increased by 39.9 % from approximately RMB35.98 million for the same period of 2014 to approximately RMB50.35 million.

Trade receivables

	For the year ended	
	31 December	
	2015	2014
Trade receivables turnover (<i>day</i>)	79	74

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

Inventories

	For the year ended	
	31 December	
	2015	2014
Inventory turnover (<i>day</i>)	129	127

The inventory turnover of the Group remained stable with constant control and management.

Property, plant and equipment

Property, plant and equipment include buildings, machinery equipment and construction under progress. As at 31 December 2015, the property, plant and equipment of the Group amounted to RMB155.92 million, representing an increase of RMB39.38 million from RMB116.54 million as at 31 December 2014. This is mainly due to the newly-built employees' dormitory and the expansion of production lines.

Intangible assets

Intangible assets include computer software and patents/patented technology. As at 31 December 2015, the Group's net intangible assets amounted to RMB8.27 million, representing an increase of RMB5.41 million from RMB2.86 million as at 31 December 2014. The increase in intangible assets was mainly due to the purchase of the SAP ERP software of RMB1.99 million and contractual customer relationship, brand name and goodwill acquired in the business combination of NBS Biologicals Limited in United Kingdom of RMB4.18 million.

Working capital and financial resources

As at 31 December 2015, the cash and cash equivalents of the Group amounted to RMB349.89 million (2014: RMB195.82 million). There is no restricted fund or loan.

Cash flow analysis

For the Reporting Period, the Group recorded an annual net cash inflow of RMB87.46 million generated from operating activities.

For the Reporting Period, the annual cash outflow used in investing activities of the Group was RMB49.80 million. This is mainly due to the purchase of a sales company, NBS Biologicals Ltd. and the newly-built plant.

For the Reporting Period, the cash inflow generated from financing activities of the Group was RMB111.63 million. This is mainly due to part of the net proceeds from the initial public offering collected from the underwriters.

Capital expenditure

During the Reporting Period, the expenditure incurred from purchasing of intangible assets, mainly computer software was RMB2.00 million, while the expenditure incurred from purchasing property, plant and equipment and construction in process amounted to RMB56.35 million.

Business acquisitions and disposals

For the Reporting Period, the Group did not have any business acquisitions and disposals other than acquisition of NBS Biologicals Ltd..

Contingent liabilities and guarantees

As at 31 December 2015, the Group did not have any material contingent liabilities or guarantees.

Foreign exchange risk

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

Cash flow and fair value interest rate risk

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

Credit risk

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

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

Prospects

In 2016, the demand for life sciences research product and service market is expected to rise. In addition to popularity of products and services due to technological progress and progressively declining cost, vigorous government support and increase in the public's health awareness are important factors to push the market growth. The PRC government has implemented a series of policies to promote the development and innovation of Chinese biotechnology and medical industry. "Healthy China" is expected to be included in the "13th Five-Year Plan" as a national strategy. It is forecasted that in 2020, the basic health care system covering urban and rural residents will be established in the PRC to achieve universal access to basic medical and health services, which will promote the development of life science related industries and become the main growth driver of the Group's business.

Future Development Strategies

In general, the Group will firmly grasp the market growth potential mainly with the following four development strategies in the future. First, the Group will explore merger and acquisition opportunity to expand the Company's business scope to increase market shares and consolidate the Company's industrial position in the market. Second, the Group will build a new "research & development cleaning laboratory" in line in the affiliated company in North America which will be used for research and development as well as production of pharmaceutical grade antibodies and protein. Third, the Group will follow the market demands closely and continue to deepen and expand its product and service portfolios in each segment by utilizing the Group's R&D capacity, such as exploiting the in-vitro-diagnosis-related product and service portfolios and developing the next generation of sequencing technique related services. Fourth, the Group will expand the direct selling network and establish more direct selling locations as well as production and service network stations in the Asia-Pacific and European areas to provide customers with better, more direct and closer services and technology supports, adjust to customers' diversified demands and enhance the Group's relationship with customers. The Company's management is confident in the future development of the Group and believes that they are able to create more returns for the Company and its shareholders (the "**Shareholders**") in the coming year.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group has a total of 989 employees. The Group has entered into employment contracts covering positions, employment conditions and terms, salary, employees' benefits, responsibility for breach of contractual obligations and reason for termination with its employees. The remuneration package of the Group's employees includes basic salary, subsidies and other employees' benefits, which are determined with reference to the experience and working years of the employees and general situations.

USE OF NET PROCEEDS FROM LISTING

Net proceeds from the listing of the Company (after deducting underwriting fee and relevant expenses) amounted to approximately HK\$219.87 million (equivalent to RMB175.92 million). Such amounts are used according to the allocation set out in the prospectus of the Company dated 16 December 2014. Use of net proceeds from listing as at 31 December 2015 is set forth as follows:

Item	Utilised amount as at 31 December 2015 (RMB million)
Plant expense	17.24
SAP and other software expense	2.13
Deep and broad product and service portfolio	
DNA synthesis	13.10
Genetic engineering service	7.21
Life science consumables	4.28
Protein and antibody related products and services	<u>5.78</u>
Total	<u><u>49.74</u></u>

FINAL DIVIDEND

The Board recommended the payment of a final dividend of HK\$0.011 per share for the year ended 31 December 2015, subject to the approval by the Shareholders at the annual general meeting of the Company (“AGM”) to be held on 17 June 2016. The final dividend, if approved, is expected to be paid on 30 July 2016.

CLOSURE OF REGISTER OF MEMBERS

(a) Determining the entitlement of the Shareholders who are entitled to attend and vote at the AGM

In order to determine the entitlement of the Shareholders to attend and vote at the AGM to be held on 17 June 2016, the register of members of the Company will be closed from 15 June 2016 to 17 June 2016 (both dates inclusive), during which period no transfer of shares will be registered. All transfer documents, accompanied by the relevant share certificates, shall be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30p.m. on 14 June 2016.

(b) Determining the entitlement of the Shareholders to receive the final dividend

In order to determine the list of the Shareholders entitled to receive the final dividend, the register of members of the Company will also be closed from 24 June 2016 to 28 June 2016 (both dates inclusive), during which period no transfer of shares will be registered. All transfer documents, accompanied by the relevant share certificates, shall be lodged with the Company's share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 23 June 2016.

CORPORATE GOVERNANCE PRACTICES

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

The Company has complied with the applicable code provisions as set out in the CG Code during the year ended 31 December 2015 and up to the date of this announcement. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

The Company has also adopted its own code of conduct regarding employees' securities transactions on terms no less exacting than the standard set out in the Model Code for the compliance by its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the Company's securities.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of this announcement of the Group's results for the year ended 31 December 2015 have been agreed by the Group's auditors, PricewaterhouseCoopers, to the figures set out in the Group's audited consolidated financial statements for the year ended 31 December 2015. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on this announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Group had not purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

AUDIT COMMITTEE

We have established an audit committee of the Company (the "**Audit Committee**"). The Audit Committee currently comprises three members, namely Mr. Xia Lijun (chairman), Mr. Ho Kenneth Kai Chung and Mr. Liu Jianjun, all being independent non-executive Directors. The principal duties of the Audit Committee are to review and monitor the Company's financial reporting process and internal control procedures.

The Audit Committee has, together with management, reviewed the accounting principles adopted by the Group and the annual results of the Group for the year ended 31 December 2015 and this announcement is based on the Group's audited consolidated financial statements for the year ended 31 December 2015 which have been agreed with the auditors of the Group.

ANNUAL GENERAL MEETING

The AGM will be held on 17 June 2016. A notice convening the AGM will be issued and disseminated to the Shareholders in due course.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND 2015 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.bbi-lifesciences.com), and the annual report of the Company for the year ended 31 December 2015 containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 29 March 2016

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