Sinco Pharmaceuticals Holdings Limited
兴科蓉医药控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 6833)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- Revenue of the Group increased by 15.4% to RMB1,096.1 million in 2015 from RMB950.1 million in 2014.
- Gross profit of the Group increased by 17.5% to RMB152.5 million in 2015 from RMB129.8 million in 2014.
- Net profit of the Group decreased by 13.4% to RMB69.4 million in 2015 from RMB80.1 million in 2014 primarily due to the listing expenses of RMB14.2 million. The net profit would reach RMB83.6 million without the listing expense.
- Profit attributable to owners of the parent increased by 0.3% to RMB69.6 million in 2015 from RMB69.4 million in 2014.
- Basic earnings per share was RMB0.058 in 2015 (2014: RMB0.058).

RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Sinco Pharmaceuticals Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2015 (the "**Reporting Period**") together with the comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
REVENUE	3	**1,096,071**	950,079
Cost of sales		**(943,564)**	(820,309)
Gross profit		**152,507**	129,770
Other income and gains	4	**827**	2,295
Selling and distribution expenses		**(5,709)**	(6,792)
Administrative expenses		**(40,524)**	(17,520)
Other expenses		**(13,358)**	(7,715)
Finance costs	5	**(7,105)**	(6,226)
PROFIT BEFORE TAX	6	**86,638**	93,812
Income tax expense	7	**(17,197)**	(13,683)
PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**69,441**	80,129
Attributable to:			
Owners of the parent		**69,614**	69,367
Non-controlling interests		**(173)**	10,762
		69,441	80,129
Earnings per share attributable to ordinary equity holders of the Company:			
– Basic and diluted (RMB)	8	**0.058**	0.058

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**96,922**	100,094
Intangible assets	*9*	**40,378**	–
Payments in advance		**69,427**	48,028
Goodwill	*10*	**35,526**	–
Deposit		**3,000**	5,000
Total non-current assets		**245,253**	153,122
CURRENT ASSETS			
Inventories	*11*	**46,563**	100,676
Bills receivable	*12*	**77,186**	36,916
Prepayments, deposits and other receivables		**35,008**	30,224
Due from a related party	*13*	**–**	50,060
Pledged bank balances		**22,068**	11,936
Cash and cash equivalents		**38,138**	58,280
Total current assets		**218,963**	288,092
CURRENT LIABILITIES			
Trade payables	*14*	**62,793**	18,637
Advances from customers		**33,707**	128,450
Other payables		**83,338**	73,047
Interest-bearing bank loans	*15*	**81,915**	91,788
Due to a related party	*13*	**–**	227
Tax payable		**8,909**	5,580
Total current liabilities		**270,662**	317,729
NET CURRENT LIABILITIES		**(51,699)**	(29,637)
Total assets less current liabilities		**193,554**	123,485
Net assets		**193,554**	123,485
EQUITY			
Equity attributable to owners of the parent			
Issued capital	*16*	**95**	–
Reserves	*17*	**193,333**	105,214
		193,428	105,214
Non-controlling interests		**126**	18,271
Total equity		**193,554**	123,485

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 16 March 2015. The registered office address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's principal place of business in Hong Kong is Unit 4408A, 44/F, Cosco Tower, 183 Queen's Road Central, Hong Kong.

During the Reporting Period, the Group were principally engaged in marketing, promotion and channel management services for improved human plasma-based pharmaceutical, antibiotics and other pharmaceuticals focused on therapeutic areas complementary to human plasma-based products and other fast-growing categories in Mainland China. There were no significant changes in the nature of the Group's principal activities during the Reporting Period.

Pursuant to the group reorganisation (the "**Reorganisation**") in preparation for the listing of the Company's shares (the "**Listing**") on the Main Board of the Stock Exchange of Hong Kong Limited (the "**HKSE**"), which was completed on 28 May 2015, the Company became the holding company of subsidiaries now comprising the Group. Details of the Reorganisation were set out in the prospectus issued by the Company on 29 February 2016 (the "**Prospectus**"). The Company's shares have been listed on the Main Board of the HKSE since 10 March 2016.

In the opinion of the Directors, Risun Investments Limited ("**Risun**"), a company incorporated in the British Virgin Islands ("**BVI**"), is the parent and the ultimate holding company of the Company.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "**IASB**"), and International Accounting Standards ("**IASs**") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee that remain in effect and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the Reporting Period. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary; (ii) the carrying amount of any non-controlling interest; and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received; (ii) the fair value of any investments retained; and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements 2010-2012 Cycle	Amendments to a number of IFRSs
Annual Improvements 2011-2013 Cycle	Amendments to a number of IFRSs

The adoption of the above revised standards has had no significant financial effect on these financial statements.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the HKSE (the "**Listing Rules**") relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

3. REVENUE AND OPERATING SEGMENT INFORMATION

Revenue represents the net invoiced value of goods sold, net of various types of government surcharges.

The Group's revenue and contribution to consolidated results are mainly derived from its sales of human albumin solution, antibiotics and other pharmaceutical products focused on therapeutic areas complementary to human plasma-based products and other fast-growing categories in Mainland China, which is regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. In addition, the principal non-current assets employed by the Group are located in Mainland China. Accordingly, no segment analysis is presented other than entity-wide disclosures.

Entity-wide disclosures

Information about products

The following table sets forth the total revenue from external customers by product and the percentage of total revenue by product during the Reporting Period:

	2015		2014	
	RMB'000	*%*	*RMB'000*	*%*
Sales of goods:				
Human Albumin Solution	**668,007**	**60.9**	628,575	66.2
Antibiotics (Axetine and Medocef)	**316,312**	**28.9**	307,073	32.3
Others (Taurolite, TAD, Esafosfina and Xinneng Q_{10})	**111,752**	**10.2**	14,431	1.5
	1,096,071	**100.0**	950,079	100.0

Geographical information

All external revenue of the Group during each of the two years ended 31 December 2015 and 2014 was attributable to customers located in Mainland China, the place of domicile of the Group's operating entities. The Group's non-current assets are all located in Mainland China.

Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the total revenue, is set out below:

	2015	2014
	RMB'000	*RMB'000*
Customer A	**231,140**	200,640
Customer B	**180,310**	181,201
Customer C	*	–
Customer D	*	101,740
Customer E	*	*

* Less than 10%

4. OTHER INCOME AND GAINS

An analysis of other income and gains is as follows:

	2015	2014
	RMB'000	*RMB'000*
Bank interest income	**390**	1,402
Government grants*	**415**	870
Others	**22**	23
	827	2,295

* Government grants have been received from Chengdu Hi-tech District Science and Technology Bureau, primarily for the Group's research and development of a Chinese medical drug for the treatment of leukemia. There were no unfulfilled conditions or contingencies relating to the government grants.

5. FINANCE COSTS

An analysis of finance costs is as follows:

	2015	2014
	RMB'000	*RMB'000*
Interest on bank loans	**5,688**	5,995
Interest on discounted bills receivable	**1,417**	231
	7,105	6,226

6. PROFIT BEFORE TAX

The Group's profit before tax was arrived at after charging:

	2015	2014
	RMB'000	*RMB'000*
Cost of inventories sold	**943,564**	820,309
Employee benefit expense (including directors' remuneration):		
Wages and salaries	**7,403**	4,647
Welfare and other benefits	**516**	579
Pension scheme contributions		
– Defined contribution fund	**974**	707
Housing fund:		
– Defined contribution fund	**439**	266
Total employee benefit expense	**9,332**	6,199

	2015	2014
	RMB'000	*RMB'000*
Depreciation of items of property, plant and equipment	**5,185**	1,878
Amortisation of intangible assets	**5,045**	–
Research expenses	**3,028**	1,725
Operating lease rentals	**1,048**	748
Foreign exchanges losses, net	**11,167**	5,647
Loss on disposal of items of property, plant and machinery	**–**	6
Auditors' remuneration	**1,345**	75

* The amortisation of intangible assets for the Reporting Period of RMB5,044,000 (note 9) is included in "Cost of sales" in profit or loss.

7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong profit tax rate is 16.5% of the Group's assessable profit derived from Hong Kong. The Group had such profit during the Reporting Period and therefore provision for Hong Kong profits tax has been made accordingly.

The provision for Corporate Income Tax ("**CIT**") of the People's Republic of China ("**PRC**") is based on the respective PRC CIT rates applicable to the subsidiaries located in Mainland China as determined in accordance with the relevant income tax rules and regulations of Mainland China for the year. Except for certain subsidiaries domiciled in the PRC (the "**PRC subsidiaries**") that are entitled to a preferential income tax rate, the PRC subsidiaries are subject to the PRC CIT rate of 25% during the two years ended 31 December 2015 and 2014.

The major components of income tax expense are as follows:

	2015	2014
	RMB'000	*RMB'000*
Current tax:		
Income tax in Mainland for the year	**11,021**	13,683
Income tax in Hong Kong for the year	**6,176**	–
Charge for the year	**17,197**	13,683

A reconciliation of the tax expense applicable to profit before tax at the applicable tax rate for companies within the Group to the tax expense at the effective tax rate is as follows:

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**86,638**	93,812
Tax at the respective statutory tax rate		
– PRC subsidiaries at 25%	**15,908**	23,453
– Hong Kong subsidiaries at 16.5%	**3,796**	–
Lower tax rate for certain subsidiaries *(note (a))*	**(6,668)**	(9,374)
Expenses not deductible for tax	**3,637**	202
Income not subject to tax	**–**	(598)
Tax losses not recognised	**524**	–
	17,197	13,683

Notes:

(a) Sichuan Sinco Pharmaceuticals Co., Ltd ("**Sichuan Sinco Pharmaceuticals**") changed its legal status as a foreign investment enterprise upon the issuance of new business license on 13 October 2014 and therefore a new application is required in respect of the 15% preferential tax rate for the year ended 31 December 2014. The Directors of the Company considered it was more likely than not for Sichuan Sinco Pharmaceuticals to obtain the approval for the preferential tax rate of 15% for the year ended 31 December 2014. On 22 May 2015, Sichuan Sinco Pharmaceuticals obtained the approval from the tax bureau of Chengdu Hi-tech District, pursuant to which Sichuan Sinco Pharmaceuticals is entitled to a preferential tax rate of 15% according to the "Western Development Policy" as it is engaged in the encouraged industries for the foreign investment enterprise listed in the catalogue of the encouraged industries for the years ended 31 December 2014 and 2015.

From year 2015 to year 2017, the income tax rate of the Tibet Autonomous Region will change from 15% to 9%. Accordingly, Xizang Linzhi Ziguang Pharmaceutical Co., Ltd ("**Linzhi Ziguang**") is entitled to the 9% preferential tax rate for the Reporting Period.

(b) Pursuant to the income tax rules and regulations of the PRC, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement has been effective from 1 January 2008 and applied to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The withholding tax rate for the Group is 10%.

As of 31 December 2015, no deferred tax liability has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiary established in Mainland China. In the opinion of the Directors, it is not probable that this subsidiary will distribute such earnings in the foreseeable future after their assessment based on factors which included the dividend policy, the level of working capital required for the Group's operation and the expansion of the Group's operation in Mainland China. The aggregate amount of temporary differences as associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB160,176,000 (2014: RMB103,721,000).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings per share for the years ended 31 December 2015 and 2014 is based on the profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 1,200,000,000 (2014: 1,200,000,000) in issue during the Reporting Period.

No adjustment has been made to the basic earnings per share for the years ended 31 December 2015 and 2014 as no diluting events occurred during the current and the prior years.

9. INTANGIBLE ASSETS

	Software	**Exclusive distribution rights**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Cost at 1 January 2014, 31 December 2014 and 1 January 2015, net of accumulated amortisation	–	–	–
Additions	20	45,392*	45,412
Acquisition of subsidiaries	11	–	11
Amortisation provided during the Reporting Period	(1)	(5,044)	(5,045)
At 31 December 2015	30	40,348	40,378
At 31 December 2015:			
Cost	31	45,392	45,423
Accumulated amortisation	(1)	(5,044)	(5,045)
Net carrying amount	30	40,348	40,378

* It represented the purchased exclusive distribution rights by the Group from Vast Surplus Corporation Limited ("**Vast Surplus**"), a company controlled by Mr. Huang Xiangbin, in respect of the respective distribution rights for Taurolite, TAD and Esafosfina for nine years since 1 January 2015 in Mainland China, at a cash consideration in aggregate of RMB45,392,000. These exclusive distribution rights are amortised on a straight-line basis over the useful life of nine years.

10. GOODWILL

	RMB'000
Cost at 1 January 2014, 31 December 2014 and 1 January 2015, net of accumulated impairment	–
Acquisition of subsidiaries	35,526
Cost and net carrying amount at 31 December 2015	35,526
At 31 December 2015:	
Cost	35,526
Accumulated impairment	–
Net carrying amount	35,526

Goodwill is acquired through the business combination of Chengdu Hengsheng Ziguang Pharmaceutical Technology Co., Ltd ("**Chengdu Hengsheng**") and its wholly-owned subsidiary, namely, Linzhi Ziguang on 31 March 2015. Goodwill acquired through business combinations is allocated to the pharmaceutical products cash-generating units ("**CGUs**") which is the sole group of CGUs of the Group.

Impairment testing of goodwill

The recoverable amount of the group of CGUs has been determined based on a value in use calculation using cash flow projections which is based on financial forecast approved by the Company's Directors covering a period of five years. The discount rate applied to the cash flow projections is 20.1%, which is determined by reference to the average rates for similar industry and the business risk of the relevant business units. Cash flows beyond the five-year period were assumed to be stable.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margin achieved in the year immediately before the budget year, increased for expected market development.

Discount rate – The discount rate used is pre-tax and reflects specific risks relating to the relevant unit.

The values assigned to key assumptions are consistent with external information sources.

11. INVENTORIES

At the end of the Reporting Period, all inventories represent finished goods of pharmaceutical products.

12. BILLS RECEIVABLE

The Group's trading terms with its customers are mainly on full payment in advance of delivery either in cash or in bills receivable accepted by a bank. The Group maintains strict control over the settlements of its outstanding receivables and has a credit control department to minimise credit risk.

As of 31 December 2015, the Group's bills receivable of RMB19,800,000 (2014: Nil) were pledged to secure the bank loans (note 15(b)).

As of 31 December 2015, the Group discounted certain bills receivable accepted by banks in the PRC, with a carrying amount in aggregate of RMB201,301,000 (2014: RMB53,580,000) (the "**Derecognised Bills**"). The Derecognised Bills have been accepted by reputable banks in the PRC like China Construction Bank, Industrial and Commercial Bank of China, China Merchants Bank, Bank of Communications, Bank of China and Bank of Chengdu and have a maturity within three months at the end of the Reporting Period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the "**Continuing Involvement**"). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated advances on discounting and trade payables.

The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their face amounts. In the opinion of the Directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the Reporting Period, the Group has recognised interest expense of RMB1,417,000 (2014: RMB231,000) (note 5) on discounted bills receivable. No gains or losses were recognised from the Continuing Involvement, both during the Reporting Period or cumulatively. The endorsement and discounting have been made evenly throughout the year.

13. BALANCES WITH RELATED PARTIES

	Notes	**2015** **RMB'000**	2014 RMB'000
Due from a related party:			
Non-trade in nature			
– Vast Surplus	*(a)*	**–**	50,060
		–	50,060
Due to a related party:			
Non-trade in nature			
– Mr. Huang Xiangbin	*(b)*	**–**	227
		–	227

Notes:

(a) Vast Surplus is a company controlled by Mr. Huang Xiangbin, one of the Company's controlling shareholders. The balance as of 31 December 2014 represents interest-free loans granted by Hong Kong Prosperous Group Holding Limited ("**Hong Kong Prosperous**") to Vast Surplus, which has been fully settled during the Reporting Period.

(b) The balance as of 31 December 2014 represented a shareholder's loan granted by Mr. Huang Xiangbin, one of the Company's controlling shareholders, to Hong Kong Prosperous for its business development, which has been fully settled by the issue and allotment of 10,000,000 new ordinary shares on 28 May 2015.

14. TRADE PAYABLES

An aged analysis of trade payables as of the end of the Reporting Period, based on the invoice date, is as follows:

	2015 **RMB'000**	2014 RMB'000
Within 3 months	**62,793**	18,637

Trade payables of the Group are non-interest-bearing and are normally settled within 90 days.

15. INTEREST-BEARING BANK LOANS

	Notes	**2015** **RMB'000**	2014 RMB'000
Bank loans:			
Secured and guaranteed	*(a)*	**15,000**	37,000
Secured	*(b)*	**46,915**	–
Guaranteed	*(c)*	**20,000**	54,788
		81,915	91,788
Bank loans repayable:			
Within one year		**81,915**	91,788

Notes:

(a) The balances as of 31 December 2015 represent one-year bank loans granted by Chengdu Bank to the Group of RMB15,000,000 (2014: RMB37,000,000), which bear interest at fixed rates ranging from 6.0% to 7.5% per annum and are guaranteed by Mr. Huang Xiangbin and secured by the Group's buildings.

(b) The balances as of 31 December 2015 consist of (i) one-year bank loans granted by Bank of Shanghai to the Group bearing interest at a fixed rate of 5.22% per annum, which are pledged by 100% equity interests in Linzhi Ziguang; and (ii) three-month bank loans of US$2,605,000 (equivalent to RMB16,915,000) granted by China Merchants Bank to the Group, bearing interest at the rate of 0.8% above the 3-month LIBOR with maturity in February 2016, which are jointly pledged by the Group's bills receivable of RMB19,800,000 (note 12) and pledged by time deposits of RMB500,000.

(c) The balance as of 31 December 2015 represents a one-year bank loan of RMB20,000,000 (2014: RMB20,000,000) granted by Bank of China to the Group, which bears interest at a fixed rate of 5.88% per annum with a maturity date on 29 October 2016 and is guaranteed by Sichuan Development Financing Guarantee Co., Ltd.

Management has assessed that the fair values of the above interest-bearing bank loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

16. SHARE CAPITAL

The Company was incorporated in the Cayman Islands on 16 March 2015, with authorised share capital of HK$380,000 divided into 3,800,000,000 ordinary shares of HK$0.0001 each (the "**Shares**"). Upon the incorporation, 59,950,000, 1,039,050,000 and 90,000,000 ordinary shares of the Company were issued and allotted for cash at par value of HK$0.0001 each to Brightsome Sky Investments Limited, Risun and Wisen Group Holding Limited, respectively.

On 28 May 2015, 1,000,000 ordinary shares of the Company were issued and allotted at par value of HK$0.0001 each in exchange for 50,000 ordinary shares of Starwell Group Holding Limited ("**Starwell**") from Mr. Huang Xiangbin and Lumine Holdings Limited. Upon completion of such share exchange, Starwell became the Company's wholly-owned subsidiary on 28 May 2015.

On 28 May 2015, 10,000,000 new ordinary shares of the Company were issued to Risun, a company controlled by Mr. Huang Xiangbin, at a consideration of RMB14,534,000 for the purpose of settlement of the shareholder's loan granted by Mr. Huang Xiangbin to the Group (note 17(a)).

As of 31 December 2015, 1,200,000,000 ordinary shares of the Company were in issue at par value of HK$0.0001 each.

17. RESERVES

(a) Share premium account

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the constitutional documents and the Companies Law of the Cayman Islands, the share premium is distributable as dividend on the condition that the Company is able to pay its debts when they fall due in the ordinary course of business at the time the proposed dividend is to be paid.

As described in note 16 above, share premium account as of 31 December 2015 consisted of (i) 10,000,000 new ordinary shares of the Company subscribed by Risun at a consideration of RMB14,228,000 on 28 May 2015. The difference of RMB14,227,000 between the balance due to Mr. Huang Xiangbin and the nominal value of 10,000,000 new ordinary shares issued to Risun was credited to the Company's share premium account; and (ii) 1,000,000 ordinary shares of the Company were issued and allotted at par value in exchange for 50,000 ordinary shares of Starwell from Mr. Huang Xiangbin and Lumine Holdings Limited on 28 May 2015. The difference of RMB306,000 between the exchanged shares of Starwell of RMB306,010 and the increase in the nominal value of 1,000,000 new ordinary shares issued was credited to the Company's share premium account.

(b) Contributed surplus

The contributed reserve represents the aggregate nominal amount of the paid-up capital of Sichuan Sinco Pharmaceuticals attributable to the owners of the Company.

(c) Statutory reserve

In accordance with the Company Law of the PRC and the respective articles of association of subsidiaries domiciled in Mainland China, each of the PRC subsidiaries is required to allocate 10% of its profit after tax, as determined in accordance with PRC Generally Accepted Accounting Principles ("**GAAP**"), to the statutory surplus reserve (the "**SSR**") until such reserve reaches 50% of its registered capital.

As Sichuan Sinco Pharmaceuticals has been changed into a foreign investment enterprise since 13 October 2014, allocation to the statutory reserve fund ("**SRF**") is subject to the board resolution according to Sichuan Sinco Pharmaceuticals' articles of association.

Sichuan Sinco Pharmaceuticals further shifted its legal status as a wholly-foreign-owned enterprise upon obtaining the new business licence since 16 April 2015. According to the Rules for the Implementation of Foreign-funded Enterprise Law of the PRC and articles of association of Sichuan Sinco Pharmaceuticals, Sichuan Sinco Pharmaceuticals is required to allocate 10% of its profit after tax in accordance with PRC GAAP to the statutory reserve fund (the "**SRF**") until such reserve reaches 50% of its registered capital.

The SSR and the SRF are non-distributable except in the event of liquidation and subject to certain restrictions set out in the relevant PRC regulations. They can be used to offset accumulated losses or capitalised as paid-up capital.

18. DIVIDENDS

At a meeting of the Board held on 30 March 2016, the Board resolved not to recommend the payment of a final dividend to the Company's shareholders (the "**Shareholders**") for the Reporting Period.

19. BUSINESS COMBINATION

On 31 March 2015, the Group acquired a 100% interest in Linzhi Ziguang Group from Beijing Ziguang Pharmaceutical Co., Ltd. ("**Beijing Ziguang**"), an independent third party. Linzhi Ziguang Group is primarily engaged in the sale of pharmaceutical products. The acquisition was made as part of the Group's strategy to expand its market share of pharmaceutical products in Mainland China. The total purchase consideration for the acquisition was RMB35,000,000, of which RMB8,000,000 was paid during the Reporting Period and the remaining RMB27,000,000 will be paid at the earlier of (i) 10 days after the Listing, or (ii) within 6 months after the completion of inclusion of "biological products" into the scope of business licence and good supply practice certificate of Linzhi Ziguang.

The Directors are of the view that through such acquisition, the Group is entitled to certain tax benefits by operating through Linzhi Ziguang. Aside from the tax benefit mentioned above, the acquisition of Linzhi Ziguang Group is to further expand the Group's customer base, generate synergies with the Group's existing business and further enhance our competitiveness in the pharmaceutical industry. None of the goodwill recognised is expected to be deductible for income tax purpose.

The fair values of the identifiable assets and liabilities of Linzhi Ziguang Group as of the date of acquisition were as follows:

	Fair value recognised on acquisition *RMB'000*
Office equipment	66
Intangible asset *(note 9)*	11
Other payables	(603)
Total identifiable net liabilities at fair value	(526)
Goodwill on acquisition *(note 10)*	35,526
	35,000
Satisfied by:	
Cash	8,000
Other payables	27,000
	35,000

An analysis of the cash flow in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	8,000
Cash and bank balances acquired	–
Net outflow of cash and cash equivalents	8,000

Since the acquisition, Linzhi Ziguang Group contributed RMB59,601,000 to the Group's turnover and RMB3,254,000 to the consolidated profit for the Reporting Period.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the Reporting Period would have been RMB1,096,071,000 and RMB69,441,000, respectively.

20. COMMITMENTS

The Group had the following capital commitments at the end of the Reporting Period:

	2015 *RMB'000*	2014 *RMB'000*
Contracted, but not provided for:		
– Construction of a warehouse	**37,514**	23,447
	37,514	23,447

CHAIRMAN STATEMENT

On behalf of the Board, I am pleased to present the audited annual results of the Company for the Reporting Period.

The Company achieved remarkable development in recent years. With an aim to further expand its business and step forward and lay a solid foundation for future development, the Company was successfully listed on the Main Board of the HKSE in March 2016. During the Reporting Period, we proactively grasped opportunities arising in the market and maintained a rapid growth in operating results. The revenue of the Company for 2015 amounted to RMB1,096.1 million.

Apart from the one of the leading MPCM services providers in the pharmaceutical industry in China, the Company is also the only MPCM services provider for plasma-based pharmaceuticals in China, which have been one of the fastest growing segments in the pharmaceutical market in China. Driven by the unmet demand for plasma-based pharmaceuticals, favourable government initiatives, market development as well as technology improvements in the manufacturing process in China, the plasma-based pharmaceutical product market is expected to grow at a compound annual growth rate of 22.4% from 2015 to 2019, according to the Frost & Sullivan Report.

Our experienced management team has a indepth understanding of China's imported pharmaceutical market, especially for plasma-based pharmaceuticals. We have developed and implemented a rigorous and effective screening process to identify suitable products that offer strong market potential in China's imported pharmaceutical market. Our product portfolio is populated by a selection of imported pharmaceutical products in the plasma segment as well as other fast-growing or highly recognized segments in China. The growth of some of the market segments to which our portfolio products belong, namely, oncology and haematology, has exceeded the overall growth of pharmaceuticals in China during the past five years.

China has the world's largest population, a fast-growing economy, a growing middle-class with diverse healthcare needs and a comprehensive healthcare reform plan currently in place; all of which have contributed to significant growth and continuing upside potential in the pharmaceutical market in China. In addition, the policies of the Chinese government have also fueled the growth of the pharmaceutical market. For example, there have been increased government efforts to improve the availability and affordability of healthcare through investments in the construction of public hospitals and the expansion of the medical insurance system and to reduce regional inequality between the advanced urban areas of China's coast and the underserved lower-tier cities and rural areas in other parts of China. Among all the pharmaceutical categories, plasma-based pharmaceuticals, and imported plasma-based pharmaceuticals in particular, have experienced higher growth than the overall Chinese pharmaceutical market, and have proven to be one of the most attractive segments of China's pharmaceutical market. As we have strategically focused on offering Human Albumin Solution, an imported plasma-based pharmaceutical, we have enjoyed strong growth and we expect to continue its growth trajectory. Chinese patients generally consider imported pharmaceuticals to be of higher quality compared to domestically-produced products, and for some types of pharmaceuticals, such as plasma-based pharmaceuticals, the domestically-manufactured supply is insufficient to meet market demand. We expect the market's preference for imported pharmaceuticals to continue, and as a result, demand for imported pharmaceuticals will increase alongside the overall projected growth of the Chinese market. The business of the Company is well positioned to benefit from these trends and circumstances.

In respect of sales and promotion, the Company plans to strengthen our position as China's largest MPCM services provider for imported plasma-based pharmaceuticals by leveraging our established and extensive sales network and deepening our long-term partnership with Octapharma AG ("**Octapharma**"). We also plan to continue to strengthen our promotional efforts and expand our distribution network. We have developed an information management system and a series of initiatives, including plans to grow our in-house MPCM team and to invest more in training programmes for them. We also plan to increase our purchases of Human Albumin Solution from Octapharma to further fulfil the strong demand from Chinese patients and clinicians. In respect of product portfolio, we intend to further enrich our product portfolio to achieve synergies from our integrated service platform. In respect of the establishment of MPCM team, we aim to further penetrate China's pharmaceutical market by utilising distributors closer to patients and expanding our medical institution coverage. We plan to use our working capital to establish four regional sales offices covering south China, west China, east China and north China to supervise employees in their respective regions. We intend to streamline our distributor network and shift focus from provincial level distributors to local city level distributors further down the sales channel to be closer to hospitals and patients, in order to gain more knowledge of local markets, hospital procurement procedures and physician and patient preferences. With an aim to promote our products, we will increase participation in academic seminars in hospitals. In respect of information management, we intend to further invest to maintain and upgrade our information management systems to enhance our operating efficiency. Through upgrading our information management system, we will be able to have throughout study of regional markets and grasp updated and accurate data on sales and inventory. In respect of construction of facilities and technology of research and development, we aim to facilitate multi-channel growth and evolve ourselves into a vertically-integrated company through investing in our own cold chain facility, research and development base as well as product research and development. If presented with appropriate opportunities, we may also acquire medical, pharmaceutical and biopharmaceutical companies with proprietary intellectual property rights, products or technologies in the plasma-related sectors to complement our current business operations. We currently have not identified any acquisition targets. In respect of internal management, adhering to our corporate values of "integrity, collaboration, innovation and excellence", we have been persisting in innovation and the pursuit of excellence for the development of high quality pharmaceutical products and medical services. Our management and employees have strived to achieve the goal of being a leading and professional biopharmaceutical company with their gratitude and professionalism.

Lastly, on behalf of the Board, I would like to express my appreciation for the faithful services and contribution from all employees in the Reporting Period. I would also like to express my gratitude to all Shareholders and business partners for their long-term supports and trusts. We will make persistent efforts to strive for excellent performance in return for the supports of all Shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

1. Improvement and expansion of our product portfolio

During the Reporting Period, our product portfolio further expanded from six products to seven products. Our product portfolio includes plasma-based products and products in other fast-growing or sizeable therapeutic areas.

During the Reporting Period, the Group further enhanced our relationship with Octapharma, which is one of the world's leading manufacturers of plasma-based pharmaceuticals. In August 2015, Octapharma has confirmed our Group is the exclusive service provider for Human Albumin Solution in 24 provinces, municipalities and autonomous regions in China. In addition, we entered into a supplemental agreement to the distribution agreement with Octapharma in October 2015 whereby Octapharma acknowledged that (i) it expects to increase the volume of Human Albumin Solution to be delivered to us from 2015 to 2019; (ii) annual price negotiations would be conducted in good faith to ensure, to the extent commercially practicable to Octapharma, that we receive a reasonable profit margin broadly in line with our historical profit margins; and (iii) a six-month notice period is required for either us or Octapharma to terminate the distribution agreement, if the parties cannot agree on the purchase price of Human Albumin Solution for the next year. The amendment and the supplemental agreement indicate a high level of sustainability of our relationship with Octapharma and Octapharma's commitment and support to foster a long-term relationship with us.

On the other hand, the Group continued to enrich our product portfolio: we further obtained the exclusive rights to supply Taurolite, TAD and Esafosfina in China from Trendful Development Limited ("**Trendful**"), the exclusive sales agent of Bruschettini S.r.l. ("**Bruschettini**") and Biomedica Foscama Group S.p.A. ("**Foscama**") in China in March 2015; and in September 2015, we became the exclusive service provider of Xinneng Q_{10} for Liaoning Wanjia Pharmacentical Technology Co., Ltd. ("**Liaoning Wanjia**") in China for a term of ten years from October 2015 to December 2025. We have started providing services for Xinneng Q_{10} from December 2015. With new products included in our product portfolio, we can expand our product variety for the existing branches of medicine for oncology and haematology, and also spread our marketing, promotion and channel management to branches of medicine for hepatobiliary disease and gastroenterology. The following table sets forth a breakdown of our revenue by product categories and as a percentage of our total revenue for the Reporting Period:

	For the year ended 31 December			
	2015		2014	
	RMB'000		*RMB'000*	
	Revenue *(RMB'000)*	**% of Revenue**	Revenue *(RMB'000)*	% of Revenue
Human Albumin Solution	**668,007**	**60.9**	628,575	66.2
Antibiotics (Axetine and Medocef)	**316,312**	**28.9**	307,073	32.3
Others (Taurolite, TAD, Esafosfina and Xinneng Q_{10})	**111,752**	**10.2**	14,431	1.5
Total	**1,096,071**	**100.0**	950,079	100.0

Some of our products have been sold in the market for several years, such as Human Albumin Solution, Axetine and Medocef, which recorded a steady growth in their sales. From 2014 to 2015, our sales of Human Albumin Solution and Antibiotics grew at a rate of 6.3% and 3.0% respectively.

Although Taurolite, TAD, Esafosfina and Xinneng Q_{10} account for a relatively low percentage of our total revenue, our Group has increased academic promotion activities, such as academic seminars, to promote their clinical profiles and benefits to clinicians, and organised more national and regional academic seminars to enhance the market status and brand awareness for these products. During the Reporting Period, our revenue from the other products was RMB111.8 million, representing a year-on-year increase of 676.4% and accounting for 10.2% of the Group's revenue.

In order to further expand our product portfolio, we have engaged Institute of Chinese Medical Sciences to develop "Sinco I", a realgar-based chemical medicine intended to treat acute promyelocytic leukaemia. Sinco I is classified as a class I chemical medicine, a category of new medicine which has never been launched in China or other countries. The approval process of a class I chemical medicine usually takes more than eight years, involving investigational new drug application and multiple phases of clinical studies before commercial launch. We expect that the pre-clinical research and pilot experiments for Sinco I will be completed by December 2016. During the Reporting Period, our research and development expenses to develop Sinco I were RMB3.0 million (2014: RMB1.7 million).

2. Development of our marketing network

Being one of our core competitiveness, marketing network is also a safeguard for our development. In addition to expanding our product portfolio, the Group is also dedicated in the strategic planning and development of our marketing network.

As of 31 December 2015, we had a nationwide network of 191 distributors across 31 provinces, municipalities and autonomous regions in China, representing a slight increase as compared with 186 distributors as of 31 December 2014. We discontinued our relationships with 85 distributors, because we focused our resources to distributors with better sales performance and wider hospital coverage, and some of these distributors did not fulfil our distributor requirements, such as marketing and promotion ability or obtaining valid pharmaceutical permits.

We have expanded our network of distributors to access over 3,000 hospitals and other medical institutions across China. As of 31 December 2015, sales of the products in our portfolio achieved wide distribution among hospitals nationwide, covering more than 927 Class III hospitals, 1,180 Class II hospitals and 357 Class I hospitals, in addition to over 715 pharmacies and other medical institutions. With our marketing and promotion model, the Group can market and promote various products in various regions across China to expand the geographical coverage of our products by fully utilizing the extensive experience and extensive coverage of our distributors. We can also maintained the flexibility of our business operation and reduced fixed costs, marketing and promotion expenses. In addition, the Group enhanced the training and support to our distributors by our internal marketing team. We also participate in the management of daily sales of our distributors by further refining information management system.

The Group has continuously strengthened the professional training for our employees in addition to expanding our marketing network. During the Reporting Period, the Group started a new round of recruitment in schools, and carried our large scale of recruitment and trainings for our new employees by various innovative methods to fulfill the demand for marketing personnel resulting from the expansion of marketing network and market segmentation.

3. Business Expansion

In anticipation of our business expansion and more stringent laws and regulations for plasma-based product warehousing, we are constructing a cold chain facility and a research and development base in Shuangliu District, Chengdu, Sichuan Province with a gross floor area of 87,000 square metres. We are constructing the cold chain facility to meet growing demand for cold chain storage, better control of safety and quality of the plasma-based product and reduce future warehousing costs in our portfolio. The cold chain facility will be constructed in two phases. The first phase of the premises, which includes 15,000 square metres of cold chain storage, will be solely for our own use and upon completion of the second phase, which will include 25,000 square metres of cold chain storage and 47,000 square metres of research and development base, we may provide cold chain storage services for pharmaceutical products to third parties. We completed the construction of the first phase of the premises in December 2015 and expect to complete the construction of the second phase by the end of 2018. As of 31 December 2015, we have invested RMB69.4 million in the construction of cold chain facility and research and development base.

4. Major investments

On 12 March 2015, Beijing Ziguang entered into an equity transfer agreement with Sichuan Sinco Pharmaceuticals ("**Beijing Ziguang Agreement**"), pursuant to which Beijing Ziguang agreed to transfer the entire equity interest in Linzhi Ziguang through the transfer of Chengdu Hengsheng to Sichuan Sinco Pharmaceuticals for a consideration of RMB35 million, which was determined based on arm's length commercial negotiations and the expected tax benefit to be received. The consideration under the Beijing Ziguang Agreement consists of (i) a deposit in the sum of RMB5 million to be settled within five working days of the date of the Beijing Ziguang Agreement; (ii) a first instalment in the sum of RMB12.5 million to be settled when certain conditions (including but not limited to obtaining a new business licence which includes "biological products" in the scope of business) have been satisfied; and (iii) a second instalment in the sum of RMB17.5 million to be settled (a) within ten days after the Listing on the HKSE or (b) within six months after the conditions set out in the Beijing Ziguang Agreement having been satisfied, whichever was earlier. Sichuan Sinco Pharmaceuticals has paid the deposit in the sum of RMB5 million on 18 March 2015, and partially settled RMB3.0 million of the first instalment on 30 December 2015 and the remaining RMB9.5 million of the first instalment is expected to be paid in the second quarter of 2016 after the new business licence is obtained.

Through the acquisition of Linzhi Ziguang, the Group is entitled to certain tax benefits by operating through Linzhi Ziguang which is located in the Tibet Autonomous Region. Pursuant to the Notice Issued by the Government of the Tibet Autonomous Region Regarding the Publication of Implementation Rules of Enterprise Income Tax Policy of the Tibet Autonomous Region, an enterprise established in the Tibet Autonomous Region, such as Linzhi Ziguang, is temporarily exempted from the local portion of the enterprise income tax and is entitled to a reduced enterprise income tax rate of 9% up to the end of 2017. Aside from the tax benefit mentioned above, the reason for the acquisition of Linzhi Ziguang was to further strengthen our commercial presence and expand our distribution network in Western China including the Tibet Autonomous Region. The Group has already begun transferring its primary business operation to Linzhi Ziguang in relation to the sale of Axetine in June 2015 and Medocef in September 2015.

Save as aforementioned, there were no significant investment held by the Company, nor were any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

MAJOR FINANCIAL PERFORMANCE INDICATORS

During the Reporting Period, the Group recorded a relatively satisfactory growth. The total revenue of the Group increased by 15.4% to RMB1,096.1 million (2014: RMB950.1 million); the gross profit increased by 17.5% to RMB152.5 million (2014: RMB129.8 million). The net profit of the Group decreased by 13.4% to RMB69.4 million in 2015 from RMB80.1 million in 2014, which was primarily due to the listing expenses incurred in 2015. If the listing fee was added back, the net profit of the Group would reach to be RMB83.6 million. The increase of total revenue was mainly attribute to (i) an increase in the revenue from the sales of Taurolite, TAD and Esatosfina as a result of market promotion implemented by the Group, coupled with the exclusive distribution rights to supply Taurolite, TAD and Esatosfina obtained by the Group in March 2015; and (ii) an increase in the sales of Human Albumin Solution arising from the increase in sales volume from 2.1 million bottles in 2014 to 2.2 million bottles in 2015 as a result of continued strong market demand.

The financial position of the Group has been healthy. During the Reporting Period, the Group's net cash generated from operation amounted to RMB46.2 million (2014: RMB53.1 million).

We have been maintained a relatively short turnover days for our inventory and trade payables. In 2015, our inventory turnover days was 28 days, representing a decrease as compared with 56 days in 2014. In order to maintain a healthy cash flow and enhance our operation management, we require full prepayment for purchases from all of our customers. Our trade payables turnover days was 16 days.

FUTURE DEVELOPMENT

2016 will be the first financial year of the Group after its listing on the Main Board of the HKSE. Under the pressure of policies for the pharmaceutical industry and the complicated and volatile market situation, the Group will continue to consolidate our leading position in providing marketing, promotion and channel management services in imported plasma-based pharmaceutical market in China. Through expanding and optimizing our product portfolio, developing and refining our sales network, strengthening our marketing, promotion and channel management team, the Group will realize its sustainable development.

With our existing extensive distributing network, the Group plans to consolidate our position as China's largest MPCM service provider for imported plasma-based pharmaceuticals by deepening our penetration in China's pharmaceutical market and our long-term cooperation with Octapharma. In addition, as a professional pharmaceutical MPCM service provider, we intend to further expand our product portfolio with high potential in the domestic pharmaceutical market. In particular, we intend to focus on therapeutic areas targeting the patients who use plasma-based pharmaceuticals to achieve operational synergies. In addition to products that have already been launched in the market, we are also identifying pharmaceutical products with good effectiveness and patent protection which are significant to overseas market and are in the later research stage (i.e. products which are prepared to conduct, carrying out or completed Phase III clinical trials). We believe that our prior experience in selecting high-growth products through our focused product screening process, our track record in driving sales growth for the products in our portfolio, as well as our in-depth understanding of China's pharmaceutical market will enable us to continue to identify products with significant growth potential.

We believe the overall China's pharmaceutical market and its imported pharmaceutical market will continue to grow rapidly. To fully benefit from the opportunities presented by the market, by early 2016, we have grown our in-house marketing, promotion and channel management team from 68 as of 31 December 2015 to approximately 120 employees. By growing our team, we hope to achieve more on-the-ground coverage of local sales networks and move down our sales channel closer to patients. We also plan to increase our sales coverage of hospitals, medical institutions and pharmacies to broaden our network as we expand our product portfolio. We plan to use our working capital to establish four regional sales offices covering south China, west China, east China and north China to supervise employees in their respective regions. These regional sales offices will be primarily responsible for selecting and managing distributors, which is currently undertaken by our headquarters in Chengdu, Sichuan Province. We intend to streamline our distributor network and shift focus from provincial level distributors to local city level distributors further down the sales channel to be closer to hospitals and patients, in order to gain more knowledge of local markets, hospital procurement procedures and physician and patient preferences.

We plan to continue investing to maintain and upgrade our information management systems to enhance our operating efficiency. We plan to supplement our existing ERP information management system with an advanced customer relationship management system, or CRM system, to allow us to originate orders automatically once placed online, retrieve up-to-date data on orders, sales and inventory, and manage and monitor our procurement, sales and inventory levels more accurately and efficiently. We believe that by upgrading our information management systems, we will be able to perform more in-depth regional market analyses and provide more timely and accurate data on sales and inventory to our suppliers.

To better control the safety and quality of our plasma-based products and to reduce warehousing costs, and taking account of the decrease of the number of qualified cold chain warehousing service provider due to our business expansion and more stringent laws and regulations for plasma-based product warehousing, we are constructing an advanced cold chain facility in Shuangliu District, Chengdu, Sichuan Province, which will include advanced climate control technology and a sophisticated quality control system, so as to better manage our product quality and to mitigate operational risks arisen from the shortage of cold chain facilities. We completed the construction of the first phase of the premises in December 2015 and expect to complete the construction of the second phase by the end of 2018 according to our business development.

RISK MANAGEMENT

The Company believes that risk management is essential to the Group's efficient and effective operation. The Company's management assists the Board in evaluating material risk exposure existing in the Group's business, including investment risk, interest rate risk, liquidity risk etc, and participates in formulating appropriate risk management and internal control measures, and to ensure its implementation in daily operational management.

IMPORTANT RELATIONSHIP

1. Our Employees

Human resources is one of the most important assets of the Group. The Group puts emphasis on training and career development for our employees and are committed to building an effective and dedicated fundamental team. For the Reporting Period, we had 130 full-time employees, representing an increase of 37 as compared with 2014. Among which, we had 68 experienced in-house marketing, promotion and channel management employees, more than half of whom have over five years of professional experience in pharmaceutical sales. The table below sets forth a breakdown of our total number of employees by function as of 31 December 2015:

Function	**Number of employees**
Marketing, promotion and channel management	**68**
Management, finance and administration	**49**
Purchasing, warehousing, logistics and quality control	**13**
Total	**130**

The Group strives to motivate our employees by providing them with a clear career path as well as comprehensive and professional training courses. We provide pre-employment training, in-service training and promotion opportunities, including training courses for project management, product knowledge, drug's quality specifications and customer services, as well as external training opportunities and courses of Master degree of Business Administration. We conduct an internal satisfaction survey every year and consider carefully employees' feedback on operating efficiency and harmony working environment. In addition, we also offer competitive remuneration packages to our employees, including basic salary, certain benefits and other performance-based incentives.

To prevent corrupt practices and other malpractice among our employees, we have set up stringent internal control policies including marketing and promotion expense reimbursement policies, books and records maintenance policies and anti-corruption guidance that govern our employees' conduct and practice. Furthermore, as part of our internal control policy, we have established robust policies and procedures on monitoring our daily operations, including stringent internal rules on expenditure pre-approvals and reimbursements for marketing and promotion activities.

2. Our suppliers

We purchase pharmaceutical products from overseas suppliers, either directly or indirectly through their sales agents, and generate revenue by on-selling them to our distributors. Our suppliers or their sales agents have granted us the rights to market, promote and manage sales channels for their products in China. We have established stable relationships with all of our suppliers, including Octapharma, Medochemie, Bruschettini, Foscama and Liaoning Wanjia.

3. Our distributors

We sell our pharmaceutical products to distributors, who onsell the products to hospitals and pharmacies either directly or through their sub-distributors. Under the Group's marketing and promotion model, we appoint distributors in different sales regions to sell and promote our products to hospitals and medical institutions. To ensure the efficiency and stability of our marketing network, we set up an in-house marketing team to manage and support our distributors. Our marketing and promotional activities were carried out by our own in-house team and distributors. Our in-house team is responsible for formulating marketing and promotion strategies and promoting our products through various large marketing activities across China. It also provides guidance, training and support to our distributors and supervises their marketing activities. Our distributors carry out more targeted field marketing activities based on the target hospitals and detailed marketing and promotion schedules provided by us. In 2012, 2013, 2014 and 2015, we had 11, 165, 186 and 191 distributors, respectively.

ENVIRONMENTAL PROTECTION POLICIES

Compliance with laws and regulations

We are primarily engaged in marketing, promoting and managing sales channel for imported pharmaceutical products, a line of business that generally does not have material impact on the environment. During the Reporting Period, we did not incur any material cost of compliance with applicable environmental laws and regulations.

We are constructing our cold chain facility and research and development base located in Shuangliu District, Chengdu, Sichuan Province. Construction and operation of these premises are governed by national, provincial and local environmental laws and regulations. Prior to commencement of the construction, we were required to, among other things, file an environment assessment report and obtain the permission of relevant environment protection bureau. Upon completion, our premises will be subject to environment inspection. The primary wastes generated from the operation of our premises will be waste water, and we have obtained the response letter from Shuangliu County Water Authority in relation to our request to dispose waste water when our premises commence operation.

We have not been subject to any penalty or claim by any regulatory authorities of competent jurisdiction for any breach of or non-compliance with applicable environmental laws or regulations. Each of our Directors has confirmed that, during the Reporting Period, he or she was not aware of any material non-compliance by us with any applicable environmental laws or regulations in the PRC.

FUTURE AND OUTLOOK

The successful listing of the Group on the Main Board of the HKSE marks a major milestone as well as a new chapter of the Company. The Group's principal objectives are to maintain and strengthen its leading position as a marketing, promotion and channel management service in the PRC pharmaceutical industry, in particular, the imported plasma-based pharmaceutical product market and to become a vertically integrated leader in this industry.

Looking ahead, the Group will further strengthen its leading market position and consolidate its competitive advantages in the industry, expanding the product portfolio to achieve synergies from integrated services platform and continue to penetrate China's pharmaceutical market by expanding the Group's marketing, promotion and channel management team, utilizing distributors closer to patients and increasing the Group's medical institution coverage in order to match the increasing demand of the plasma-based pharmaceutical market and creating more values as well as bringing better return to Shareholders.

FINANCIAL REVIEW

Revenue

Our revenue increased by 15.4% to RMB1,096.1 million for the Reporting Period from RMB950.1 million for the year ended 31 December 2014, primarily due to the increase of total revenue was mainly attribute to (i) an increase in the revenue from the sales of Taurolite, TAD and Esatosfina as a result of market promotion implemented by the Group, coupled with the exclusive distribution rights to supply Taurolite, TAD and Esatosfina obtained by the Group in March 2015; and (ii) an increase in the sales of Human Albumin Solution arising from the increase in sales volume from 2.1 million bottles in 2014 to 2.2 million bottles in 2015 as a result of continued strong market demand.

Cost of sales

Our cost of sales increased by 15.0% to RMB943.6 million for Reporting Period from RMB820.3 million for the year ended 31 December 2014, primarily due to an increase in revenue and the depreciation of the RMB against the U.S. dollar.

Gross profit and gross profit margin

Our gross profit increased by 17.5% to RMB152.5 million for the Reporting Period from RMB129.8 million for the year ended 31 December 2014. Our gross profit margin increased to 13.9% for the Reporting Period from 13.7% for the year ended 31 December 2014, primarily due to an increase in the sales of higher gross margin products, including Taurolite and TAD.

The gross profit margin on the sales of Human Albumin Solution decreased to 12.1% in 2015 from 14.7% in 2014 mainly as a result of an increase in our purchase price of Human Albumin Solution mainly caused by the depreciation of the RMB against the U.S. dollar.

The gross profit margin on the sales of Taurolite, TAD and Esafosfina increased significantly to 28.2% in 2015 from 10.8% in 2014, primarily due to a decrease in the purchase price for these products following our acquisition of the exclusive rights to service these products in China in March 2015, which was partially offset by a decrease in the sale prices of these products. We lowered the sale prices of these products in 2015 primarily due to a significant decrease in the cost of these products following our acquisition of the exclusive rights to service these products in China in March 2015 and our plan to increase the market share of these products.

Other income

Our other income and gains decreased to RMB0.8 million for the Reporting Period from RMB2.3 million for the year ended 31 December 2014 mainly due to (i) a decrease in bank interest income of RMB1.0 million generally in line with a decrease in our time deposits; and (ii) a decrease in government grants of RMB0.5 million.

Distribution and selling expenses

Our selling and distribution expenses decreased by 16.2% to RMB5.7 million for the Reporting Period from RMB6.8 million for the year ended 31 December 2014 mainly due to a decrease in marketing and promotion expenses of RMB1.9 million as a result of the majority costs of the marketing and promotion activities in respect of Taurolite, TAD and Esafosfina being born by distributors in 2015. The decrease in partially offset by an increase in staff costs and travelling expenses in aggregate of RMB0.8 million, which is in line with the Group's business expansion.

Administrative Expenses

Our administrative expenses increased significantly to RMB40.5 million for the Reporting Period from RMB17.5 million for the year ended 31 December 2014, primarily due to (i) listing expenses of RMB14.2 million, (ii) an increase in depreciation of our headquarters following the transfer from construction in progress to property in November 2014 of RMB3.3 million, and (iii) an increase in staff cost of RMB2.7 million generally in line with our business expansion.

Other Expenses

Our other expenses increased by 74% to RMB13.4 million for the Reporting Period from RMB7.7 million for the year ended 31 December 2014, mainly as a result of an increase in the foreign exchange losses from the depreciation of the RMB against the U.S. dollar during the Reporting Period.

Finance costs

Our finance costs increased to RMB7.1 million for the Reporting Period from RMB6.2 million for the year ended 31 December 2014 primarily due to an increase in interest on discounted bills receivables from RMB0.2 million during the Reporting Period to RMB1.4 million in the corresponding period. Such increase was mainly due to a significant increase in discounted bills receivable during 2015 in order to facilitate our working capital position. Our needs for cash increased in 2015 as a result of our acquisition of Linzhi Ziguang, the Reorganisation, the construction of our cold chain facility and the listing expenses.

Income tax expense

Our income tax expense increased by 25.5% to RMB17.2 million for the Reporting Period from RMB13.7 million for the year ended 31 December 2014. Our effective income tax rate in 2015 was 20.3% (2014: 14.6%). The increase in our effective income tax rate in 2015 was primarily because we incurred non-deductible listing expenses of RMB14.2 million.

Profit for the year

As a result of the foregoing, our profit for the period decreased by 13.4% to RMB69.4 million for the Reporting Period from RMB80.1 million for the year ended 31 December 2014. Net profit margin decreased from 8.4% for 2014 to 6.3% for 2015, primarily because we incurred listing expenses of RMB14.2 million in relation to the proposed listing of the Shares on the HKSE in the year of 2015.

LIQUIDITY AND CAPITAL RESOURCES

Our primary uses of cash are to fund working capital, payment for the purchase of property, plant and equipment and other recurring expenses and to service indebtedness. During the Reporting Period, we funded our cash requirements principally from cash generated from operations and funds raised from bank borrowings.

The following table is a condensed summary of our consolidated statements of cash flows for the periods indicated and analysis of balances of cash and cash equivalents as of the dates indicated:

	For the year ended 31 December 2015	For the year ended 31 December 2014
	RMB'000	*RMB'000*
Net cash from operating activities	**46,196**	53,137
Net cash used in investing activities	**53,664**	41,628
Net cash from/(used in) financing activities	**(3,068)**	14,301
Net increase/(decrease) in cash and cash equivalents	**(10,536)**	25,810
Cash and cash equivalents at beginning of the year	**70,216**	44,455
Effect of foreign exchange rate changes	**526**	(49)
Cash and cash equivalents at end of the year	**60,206**	70,216

Net cash from operating activities

The Group's net cash from operating activities decreased to RMB46.2 million for the Reporting Period from RMB53.1 million for the year ended 31 December 2014. It primarily included (i) profit before tax of RMB86.6 million; (ii) a decrease in inventories of RMB54.1 million due to the increase in market demand of our products; (iii) an increase in trade payables of RMB44.2 million due to the letters of credit becoming due after the arrival of Human Albumin Solution; and (iv) non-cash expenses namely depreciation and amortisation aggregating to RMB10.2 million. The above factors were partially offset by (i) a decrease in advance from customers of RMB94.7 million due to increase in market demand of our products; (ii) an increase in bills receivable of RMB40.3 million due to the increase in discounted bills receivable to facilitate our working capital position; and (iii) tax paid of RMB13.9 million.

Net cash used in investing activities

During the Reporting Period, the Group's net cash used in investing activities was RMB53.7 million compared to net cash used in investing activities of RMB41.6 million in 2014, primarily due to (i) payment of construction costs of RMB21.4 million in respect of the cold chain facility located in Shuangliu District, Chengdu, Sichuan Province, (ii) the acquisition of non-controlling interests in Sichuan Sinco Pharmaceuticals of RMB14.0 million, (iii) purchases of property, plant and equipment of RMB10.2 million relating to the renovations to the Group's headquarters located in Chengdu, Sichuan Province, and (iv) the acquisition of a 100% equity interest of Linzhi Ziguang Group at a total consideration of RMB35.0 million, of which RMB8.0 million was paid during the Reporting Period.

Net cash from/(used in) financing activities

During the Reporting Period, our net cash used in financing activities was RMB3.1 million, primarily due to (i) repayment of bank loans of RMB273.8 million; (ii) payment to a related party of RMB6.7 million for the settlement of advances from a related party in support of inventory purchases by Hong Kong Prosperous; and (iii) interest paid for bank loans of RMB7.1 million, partially offset by (i) proceeds from bank loans of RMB258.9 million; and (ii) advances from a related party of RMB25.6 million made in support of inventory purchases by Hong Kong Prosperous, which were settled in May 2015.

Bank borrowings and gearing ratio

The Group had total bank borrowings of RMB81.9 million as of 31 December 2015 compared to RMB91.8 million as of 31 December 2014, which primarily included (i) secured and guaranteed bank loans of RMB15.0 million with annual interest rates ranging from 5.98% to 7.0% granted by Bank of Chengdu which were pledged by the Group's buildings and guaranteed by Mr. Huang Xiangbin; (ii) a secured bank loan of RMB30.0 million with an annual interest rate of 5.22% granted by Bank of Shanghai which was pledged by 100% equity interests in Linzhi Ziguang; (iii) secured bank loans of USD2.6 million (equivalent to RMB16.9 million) with an annual interest rate of 0.8% above the 3-month London InterBank Offered Rate granted by China Merchants Bank which were pledged by the Group's bills receivable of RMB19.8 million and time deposit of RMB0.5 million; and (iv) a guaranteed bank loan of RMB20.0 million with an annual interest rate of 5.88% granted by Bank of China which was guaranteed by Sichuan Development Financing Guarantee Co., Ltd., an independent third party. The Group's gearing ratio, calculated as net debt divided by the sum of total equity and net debt, with net debt equal to interest-bearing bank loans and amount due to a related party minus cash and cash equivalents, was 18.4% as of 31 December 2015 (2014: 21.5%).

Net Current Liabilities

	As of 31 December 2015 *RMB'000*	As of 31 December 2014 *RMB'000*
Current Assets		
Inventories	**46,563**	100,676
Bills receivable	**77,186**	36,916
Prepayments, deposits and other receivables	**35,008**	30,224
Due from a related party	**–**	50,060
Pledged bank balances	**22,068**	11,936
Cash and cash equivalents	**38,138**	58,280
	218,963	288,092
Current Liabilities		
Trade payables	**62,793**	18,637
Advances from customers	**33,707**	128,450
Other payables	**83,338**	73,047
Interest-bearing bank loans	**81,915**	91,788
Due to a related party	**–**	227
Tax payable	**8,909**	5,580
	270,662	317,729
Net Current Liabilities	**(51,699)**	(29,637)

As of 31 December 2015, the Group has net current liabilities of RMB51.7 million (2014: RMB29.6 million). In view of the net current liabilities position, the Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

Based on a detailed review of the working capital forecast of the Group, the Directors are satisfied that the Group is able to meet in full its financial obligations as they fall due for the foreseeable future. To mitigate any liquidity issues that might be faced by the Group, the Group may curtail or defer its expansion plans based on the availability of sufficient funds.

Should the Group be unable to continue in business as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets as current assets. The financial statements do not include any adjustments that would result from the failure of the Group to continue in business as a going concern.

Inventories

The Group's inventory balances decreased to RMB46.6 million as of 31 December 2015 from RMB100.7 million as of 31 December 2014, primarily due to the increase in market demand for our products, particularly Human Albumin Solution, and the increase in inventory turnover.

Bills Receivable

The Group's bill receivables increased to RMB77.2 million as of 31 December 2015 from RMB36.9 million as of 31 December 2014, primarily due to the increase in the sales of Human Albumin Solution in 2015. To maintain a healthy cash flow and better manage our business, we require full prepayment from all of our customers before goods delivery. Prepayment includes cash and 60-day bank's acceptance bills in relation to sales of Human Albumin Solution.

Trade Payables

The Group's trade payables increased to RMB62.8 million as of 31 December 2015 from RMB18.6 million as of 31 December 2014. The increase in trade payables was mainly due to the letters of credit becoming due after the arrival of Human Albumin Solution. The Group's trade payables turnover days increased to 16 days as of 31 December 2015 from 6 days as of 31 December 2014, primarily due to the increase of balance of trade payables as of 31 December 2015.

Capital Expenditure

The following table sets out our capital expenditure for the years indicated:

	For the year ended 31 December 2015	For the year ended 31 December 2014
	RMB'000	*RMB'000*
Purchases of property, plant and equipment and intangible assets	**31,664**	41,667
Acquisition of subsidiaries	**8,000**	–
Acquisition of non-controlling interests of a subsidiary from then shareholders	**14,000**	–
Total	**53,664**	41,667

Indebtedness

The following table sets out our bank loans, all of which were repayable within one year, as of the dates indicated:

	As of 31 December 2015 *RMB'000*	As of 31 December 2014 *RMB'000*
Bank loans		
Secured and Guaranteed	**15,000**	37,000
Secured	**46,915**	–
Guaranteed	**20,000**	54,788
	81,915	91,788
Bank loans repayable within one year	**81,915**	91,788

Capital Commitments and Contingent Liabilities

At 31 December 2015, the Group had total capital commitments of RMB37.5 million (2014: RMB23.4 million), primarily related to construction of new warehouse. At 31 December 2015, the Group did not have any significant contingent liabilities (2014: Nil).

Interest rate risk

The Group's exposure to interest rate risk relates primarily to the Group's bank deposits and interest-bearing bank loans. The interest rates and terms of repayment of interest-bearing bank loans are disclosed in note 15 to the financial statements.

The Group manages its cash flow interest rate risk exposure arising from all of its interest-bearing loans through the use of floating rates or a mix of floating and fixed rates. The Group also holds certain borrowings at floating interest rate so as to manage part of the fair value interest rate risk. In addition, the Group has not used any interest rate swaps to hedge against interest rate risk.

As of 31 December 2015, floating interest rate borrowings accounted for about 21% (2014: 78%) of the Group's borrowings, and fixed interest rate borrowings accounted for about 79% (2014: 22%) of the Group's borrowings. Management would adjust the proportion of floating rate borrowings based on changes in the market interest rates to reduce the significant impact of the interest rate risk.

If there would be a general increase/decrease in the market interest rates by one percentage point, with all other variables held constant, the Group's consolidated pre-tax profit would have decreased/increased by approximately RMB819,000 (2014: RMB918,000) for the Reporting Period, and there would be no impact on other components of the consolidated equity, except for retained earnings, of the Group. The sensitivity analysis above has been determined assuming that the change in market interest rates had occurred at the end of the year and had applied the exposure to interest rate risk to those financial instruments in existence at those dates.

Foreign currency risk

The Group's purchase of products from the overseas suppliers is denominated in US$ and Euro. Most of the Group's assets and liabilities are denominated in RMB, except for certain items of cash and cash equivalents, prepayments, deposits and bank loans that are denominated in US$ and Euro.

The Group does not enter into any hedging transactions to manage the potential fluctuation in foreign currencies. Management monitors the Group's foreign currency exposure and will consider hedging significant foreign currency exposure when the need arises.

The following table demonstrates the sensitivity to a 5.0% change in RMB against US$ and Euro. The 5.0% is the rate used when reporting currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in the foreign currency rate. The sensitivity analyses of the Group's exposure to foreign currency risk at the end of each reporting period have been determined based on the adjustment of translation of the monetary assets and liabilities at the end of each reporting period for a 5.0% change in RMB against US$ and Euro, respectively, with all other variables held constant, of the Group's profit before tax for the years ended 31 December 2015 and 2014 (due to changes in the fair value of cash and cash equivalents, prepayments, deposits and bank loans denominated in US$ and Euro):

	2015	2014
	RMB'000	*RMB'000*
Increase/(decrease) on profit before tax		
If RMB weakens against US$ and Euro	**(2,592)**	(835)
If RMB strengthens against US$ and Euro	**2,592**	835

Credit risk

Substantial amounts of the Group's cash and cash equivalents and time deposits are held in major reputable financial institutions located in Mainland China, which management believes are of high credit quality. The credit risk of the Group's other financial assets, which comprise bills receivable, other receivables and amounts due from related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group has no other financial assets which carry significant exposure to credit risk.

The Group trades only with recognised and creditworthy customers with no requirement for collateral. It is the Group's policy that all customers should make full prepayment either in cash or bank accepted bills receivable. Hence, there is no significant credit risk with the Group's customers. The senior management of the Company keeps reviewing and assessing the creditworthiness of the Group's existing customers on an ongoing basis. As the Group's exposure to credit risk spreads over a diversified portfolio of customers, there is no significant concentration of credit.

In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

SUBSEQUENT EVENTS

(a) Share Option Scheme

The share option scheme of the Company was conditionally adopted pursuant to a resolution passed by the Shareholders on 1 February 2016, and became effective on 10 March 2016 (the "**Listing Date**"). No share options were granted pursuant to the share option scheme as of the date of this announcement.

(b) Completion of listing

On 10 March 2016, the Shares have been listed on the Main Board of the HKSE.

Dividend

The Directors do not recommend the payment of dividend for the Reporting Period.

EMPLOYEE AND REMUNERATION POLICY

As of 31 December 2015, the Group had a total of 130 employees. For the Reporting Period, the total staff costs of the Group was RMB9.3 million as compared to RMB6.2 million for the year ended 31 December 2014.

The Group's employee remuneration policy is determined by taking into account factors such as remuneration in respect of the local market, the overall remuneration standard in the industry, the inflation level, corporate operating efficiency and employee performance. The Group conducts performance appraisals once every year for its employees, the results of which are applied in annual salary reviews and promotional assessments. The Group's employees are considered for annual bonuses according to certain performance criteria and appraisals results. Social insurance contributions are made by the Group for its PRC employees in accordance with the relevant PRC regulations.

The Group also provides continuous learning and training programs to its employees to enhance their skills and knowledge, so as to maintain their competitiveness and improve customer service. The Group did not experience any major difficulties in recruitment, nor did it experience any material loss in manpower or suffer from any material labor dispute during the Reporting Period.

ANNUAL GENERAL MEETING

The annual general meeting of the Company ("**AGM**") will be held on Tuesday, 31 May 2016. A notice convening the AGM will be published and despatched to the Shareholders in the manner required by the Listing Rules in due course.

CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 27 May 2016 to Tuesday, 31 May 2016, both days inclusive, in order to determine the identity of the Shareholders who are entitled to attend the forthcoming AGM to be held on Tuesday, 31 May 2016. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch 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 before 4:30 p.m. on Thursday, 26 May 2016.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The Shares were listed on the Main Board of the HKSE on the Listing Date with net proceeds received by the Company from the global offering in the amount of approximately HK$264.9 million after deducting underwriting commissions and all related expenses. The net proceeds received from the global offering will be used in the manner consistent with that mentioned in the section headed "Future Plans and Use of Proceeds" of the Prospectus.

Since the Listing of the Company and up to the date of this announcement, the proceeds from the listing were not applied for any use.

CORPORATE GOVERNANCE

The Company has adopted and complied with the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules since the Listing Date with the following deviations:

Under paragraph A.2.1 of the CG Code, the roles of chairman and chief executive officer of an issuer should be separate and should not be performed by the same person.

Mr. Huang Xiangbin is currently the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company (the "**Chief Executive Officer**") who is primarily responsible for the day-to-day management of the Group's business. The Directors consider that vesting the roles of the Chairman and the Chief Executive Officer in the same person facilitates the execution of the Group's business strategies and decision making, and maximizes the effectiveness of the Group's operation. The Directors also believe that the presence of three independent non-executive Directors provides added independence to the Board. The Directors will review the structure from time to time and consider an adjustment should it become appropriate.

AUDIT COMMITTEE

The principal duties of the audit committee of the Company (the "**Audit Committee**") include the review and supervision of the Group's financial reporting system, the preparation of financial statements and internal control procedures. It also acts as an important link between the Board and the external auditors in matters within the scope of the group audit.

The annual results for the Reporting Period of the Company have been reviewed by the Audit Committee.

AUDITOR

The Company appointed Ernst & Young as the auditors of the Company for the Reporting Period. The Company will submit a resolution in the forthcoming AGM to re-appoint Ernst & Young as the auditors of the Company.

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 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. As the Company's Shares were not listed on the HKSE as of 31 December 2015, related rules under the Listing Rules concerning the Model Code that Directors shall observe do not apply to the Company for the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

As the Shares were not listed on the HKSE as of 31 December 2015, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND 2015 ANNUAL REPORT ON THE WEBSITES OF THE HKSE AND THE COMPANY

This annual results announcement is published on the websites of the HKSE (http://www.hkexnews.hk) and the Company (http://www.sinco-pharm.com), and the 2015 Annual Report containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the HKSE and the Company in due course.

DEFINITION AND GLOSSARY

"customer relationship management system" or "CRM system"	a system for managing a company's interactions with current and future customers, which often involves using technology to organise, automate, and synchronise sales, marketing, customer service, and technical support
"ERP information management system"	a business management software that a company can use to collect, store, manage and interpret data from many business activities
"Human Albumin Solution"	refers to Octapharma's human albumin solution 20% (containing 200 grammes of total protein per litre) and human albumin solution 25% (containing 250 grammes of total protein per litre). The term Human Albumin Solution refers to both products or either one of them as the context requires
"MPCM"	refers to marketing, promotion and channel management for the sale and promotion of pharmaceutical products for pharmaceutical manufacturers
"Xinneng Q_{10}"	a dietary supplement registered with the China Food and Drug Administration, manufactured by Liaoning Wanjia, which is composed of Coenzyme Q_{10}, an essential oil-soluble antioxidant found in the human body, especially in the heart, liver, kidney and pancreas

By order of the Board
Sinco Pharmaceuticals Holdings Limited
Huang Xiangbin
Chairman and Executive Director

Sichuan, the PRC, 30 March 2016

As of the date of this announcement, the executive Directors are Mr. Huang Xiangbin and Ms. Zhang Zhijie; and the independent non-executive Directors are Mr. Chow Siu Lui, Mr. Wang Qing and Mr. Liu Wenfang.