SINO BIOPHARMACEUTICAL LIMITED
中國生物製藥有限公司

(Incorporated in the Cayman Islands with limited liability)
Website: www.sinobiopharm.com
(Stock code: 1177)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER, 2015

FINANCIAL HIGHLIGHTS

For the year ended 31 December, 2015, the Group recorded the following operational results:

– Revenue was approximately HK$14,550.23 million, an increase of approximately 17.5% over last year;

– Before and after accounted for unrealized fair value gains and losses of equity investments and financial assets, profit attributable to the Group was approximately HK$1,772.70 million and approximately HK$1,778.69 million, respectively, approximately 20.0% and approximately 17.5% higher than that of last year, respectively;

– Based on the profit attributable to the Group before and after accounted for unrealized fair value gains and losses of equity investments and financial assets, the basic earnings per share were approximately HK33.83 cents and approximately HK33.95 cents, respectively, approximately 13.1% and approximately 10.9% higher than that of last year, respectively;

– Sales of new products accounted for approximately 8.1% of the Group's total revenue; and

– Cash and bank balances as at 31 December, 2015 was approximately HK$2,711.06 million.

The board of directors (the "Board") of the Company recommended the payment of a final dividend of HK1.5 cent per share for the year ended 31 December, 2015. Together with the dividend of HK4 cents per share paid for the first three quarters, the total dividend of the year amounted to HK5.5 cents per share. After the issuance of bonus shares, the total amount of dividend payment of the Company for 2015 will be increased to approximately HK$333.55 million (2014: approximately HK$296.49 million).

CORPORATE PROFILE

Sino Biopharmaceutical Limited (the "Company"), together with its subsidiaries (the "Group"), is an integrated pharmaceutical enterprise. Applying advanced modernized Chinese and biomedical technology, the Group researches, develops, manufactures and markets a vast array of health enhancing modernized Chinese medicines and chemical medicines. The Group's products can be grouped under the two major therapeutic categories of hepatitis and cardio-cerebral diseases. It also actively develops medicines for treating tumors, analgesia, orthopedic diseases, anti-infection, parenteral nutrition, respiratory system diseases, anorectal diseases, diabetes and other diseases to meet the increasing demands of the market, medical practitioners and patients. In order to enhance our sustainable competitiveness, the Group also actively seeks for cooperation with the international enterprises, promote the enlarged healthcare industry strategy, nurture the internet plus business and develop specialty hospitals.

Principal products:

Hepatitis medicines:	Tianqingganmei (Magnesium Isoglycyrrhizinate) injections, Runzhong (Entecavir) dispersible tablets, Mingzheng (Adefovir Dipivoxil) capsules, Tianqingganping (Diammonium Glycyrrhizinate) enteric capsules, Ganlixin (Diammonium Glycyrrhizinate) injections and capsules
Cardio-cerebral medicines:	Yilunping (Irbesartan/Hydrochlorothiazide) tablets, Tuotuo (Rosuvastatin Calcium) tablets, Tianqingning (Hydroxyethylstarch 130) injections
Oncology medicines:	Zhiruo (Palonosetron Hydrochloride) injections, Saiweijian (Raltitrexed) injections, Tianqingyitai (Zolebronate Acid) injections
Orthopedic medicines:	New Ossified Triol capsules, Jiuli (Glucosamine Hydrochloride) tablets
Anti-infectious medicines:	Tiance (Biapenem) injections
Parenteral nutritious medicines:	Xinhaineng (Carbohydrate and Electrolyte) injections, Fenghaineng fructose injections
Respiratory system medicines:	Tianqingsule (Tiotropium Bromide) inhalation powder, Chia Tai Suke (Cefaclor and Bromhexine Hydrochloride) tablets
Anorectal medicines:	Getai (Diosmin) tablets

Products with great potential:

Cardio-cerebral medicines:	Tianqingganan (Glycerin and Fructose) injections
Oncology medicines:	Renyi (Pamidronate Disodium) injections, Qingweike (Decitabine for injections), Gelike (Imatinib Mesylate) capsules, Shoufu (Capecitabine) tablets
Respiratory system medicines:	Zhongchang (Fudosteine) tablets
Diabetic medicines:	Taibai (Metformin Hydrochloride) sustained release tablets

The medicines which have received Good Manufacturing Practice ("GMP") certifications issued by the State Food and Drug Administration of the PRC are in the following dosage forms: large volume injections, small volume injections, PVC-free soft bags for intravenous injections, capsules, tablets, powdered medicines and granulated medicines. The Group also received the GMP certification for health food in capsules from the Department of Health of Jiangsu Province.

Beijing Tide Pharmaceutical Co. Ltd. ("Beijing Tide"), an associate of the Group, has obtained the renewed GMP certification for foreign pharmaceutical company from the Public Welfare and Health Ministry of Japan in December 2012. Thus, the Japanese pharmaceutical enterprises can assign the manufacturing of aseptic pharmaceutical products (products that are under research and products already launched to the domestic market within Japan) to Beijing Tide for export to Japan.

The Group's several principal subsidiaries: Chia Tai – Tianqing Pharmaceutical Holdings Co. Ltd. ("CT Tianqing"), Nanjing Chia Tai Tianqing Pharmaceutical Co., Ltd. ("NJCTT"), Beijing Chia Tai Green Continent Pharmaceutical Co. Ltd. ("CTGP"), Jiangsu Chia Tai Fenghai Pharmaceutical Co., Ltd. ("Jiangsu Fenghai"), Jiangsu Chia Tai Qingjiang Pharmaceutical Co., Ltd. ("Jiangsu Qingjiang"), Qingdao Chia Tai Haier Pharmaceutical Co., Ltd. ("Qingdao Haier"), Shanghai Tongyong Pharmaceutical Co., Ltd. ("Shanghai Tongyong") and Lianyungang Runzhong Pharmaceutical Co., Ltd. ("LYG Runzhong") have been designated "High and New Technology Enterprises". CT Tianqing was designated "2011 Most Valuable Investment Enterprise of the PRC Pharmaceutical Enterprises" from the PRC Pharmaceutical Industry Information Centre. In addition, NJCTT, Jiangsu Qingjiang and Jiangsu Fenghai have been designated "Engineering Technological Research Centre for treating tumors and cardio-cerebral phytochemistry injections of Jiangsu Province", "Orthopedic Medicines Engineering Technological Research Centre" and "Engineering Technological Research Centre for Anorectal Nutritious Medicines" by The Science and Technology Committee of Jiangsu Province, respectively.

Named by the Ministry of Personnel of the PRC as a "Postdoctoral Research and Development Institute", the research center of CT Tianqing is also the only "New Hepatitis Medicine Research Center" in the country.

In September 2011, CT Tianqing has received the first certificate of new edition GMP (Certificate No. CN20110001) issued by the State Food and Drug Administration of the PRC for its small volume parenteral solution (injection) dosage.

The Company has been selected as a constituent of Hang Seng Composite Industry Index – Consumer Goods and Hang Seng Composite SmallCap Index with effect from 8 March, 2010.

The Company has become a constituent of the MSCI Global Standard Indices' MSCI China Index with effect from the close of trading on 31 May, 2013.

The Group's website: http://www.sinobiopharm.com

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

In 2015, the global economy had been undergoing intensive adjustment and lacked the momentum of strong recovery. With the ongoing transformation of the economic structure in the PRC, the growth in the traditional economic growth model was slowed down with the Gross Domestic Product recorded a year-on-year growth of 6.9% in 2015. Industry reform measures such as the implementation of medical insurance premium requirements, tendering and price reduction and medical administration had adversely affected sales to the hospitals, the principal end-customers of the Group's pharmaceuticals. However, the influence of these policies on the retail and online sales of pharmaceutical products in the overall pharmaceutical industry was virtually unnoticed. Cost pressure faced by pharmaceutical companies continued to rise due to the impact of the medicine testing and reform, quality consistency assessment and GMP/Good Supply Practice policies. The growth in income of the pharmaceutical industry during the year was slower compared with the previous year. As for the overall situation, the growth of aggregate sale of the industry for the year was also substantially lower than last year.

Business Review

During the year under review, measures such as the implementation of medical insurance premium requirements, tendering and price reduction have posed greater sales pressure on companies lacking core competencies. Riding on the research and development ("R&D") capabilities accumulated over the years, the Group has embarked on initiatives complementing the country's medical insurance premium policy and increased its efforts in promoting quality clinical necessities, which enabled it to achieve growth in sales and profits far exceeding the industry average. Among the product sales, Hepatitis medicines including Runzhong and Tianqingganmei maintained stable growth; the new product Tianding registered explosive growth during the year; cardio-cerebral medicines including Tuotuo and Beraprost Sodium have become the new growth drivers of the medicine category; oncology medicines including Qingweike, Gelike, Yinishu and Shoufu showed rapid growth and contributed to the expanding market share; Flurbiprofen cataplasms (high quality dosage form) recorded quick and strong sales growth riding on its increasingly prominent presence in the analgesic and anti-inflammatory field. Among other medicine types, respiratory system medicine Tianqingsule inhalation powder showed higher growth. The Group's subsidiary, CT Tianqing, attained a higher ranking and successfully entered the list of the top 20 in the "List of the Top 100 Enterprises in the PRC Pharmaceutical Industry for 2014" issued by the Pharmaceutical Industry Information Centre of PRC. The Group values talent and has focused on investment in R&D over the years. This constant pursuit has enabled it to demonstrate stronger competitive advantages even as the PRC continues to raise approval and management standards.

In addition to further increasing its investment in R&D, the Group has also actively explored and extended multilateral cooperation with domestic and overseas pharmaceutical companies, R&D institutes and pharmaceutical academic institutions in the areas of products, technology introduction and transfer as well as joint R&D. The Group's subsidiary CT Tianqing has entered into an exclusive license agreement with Janssen Pharmaceuticals Inc. ("Janssen"), a company under Johnson & Johnson in the US, pursuant to which the international development license outside the PRC of a potential new medicine for the treatment of hepatitis has been granted to Janssen, from which the Group may receive an upfront payment and milestone payments amounting to a maximum of US$253 million (approximately RMB1.6 billion) in total, and royalty payments after the medicine is launched on the market.

On the investment side, the Group has continuously focused on seeking for the investment opportunities in enlarged healthcare fields including pharmaceuticals and treatments.

The Group recorded revenue of approximately HK$14,550.23 million during the year under review, an increase of approximately 17.5% over last year. Before and after accounted for unrealized fair value gains and losses of equity investments and financial assets, profit attributable to the Group was approximately HK$1,772.70 million and approximately HK$1,778.69 million, respectively, approximately 20.0% and approximately 17.5% higher than that of last year, respectively. Based on the profit attributable to the Group before and after accounted for unrealized fair value gains and losses of equity investments and financial assets, the basic earnings per share were approximately HK33.83 cents and approximately HK33.95 cents, respectively, approximately 13.1% and approximately 10.9% higher than that of last year, respectively. Cash and bank balances totaled approximately HK$2,711.06 million.

The Group continues to focus on developing specialized medicines where its strengths lie so as to build up its brand in specialist therapeutic areas. Leveraging on its existing medicine series for treating hepatitis and cardio-cerebral diseases, the Group also actively develops oncology medicines, analgesic medicines, orthopedic medicines, anti-infectious medicines, parenteral nutritious medicines, respiratory system medicines, anorectal medicines and diabetic medicines, etc.

Hepatitis medicines

For the year ended 31 December, 2015, the sales of hepatitis medicines amounted to approximately HK$6,948.02 million, representing approximately 47.8% of the Group's revenue.

CT Tianqing mainly produces two categories of hepatitis medicines that can protect the liver while lowering enzyme levels and combating hepatitis virus. Ganlixin injections and capsules made with ingredients extracted from Licorice have the dual effects of liver protection and lowering enzyme level. For the year ended 31 December, 2015, its sales amounted to approximately HK$155.70 million. After the expiration of the protection period of the product, many replicas have emerged into the market, resulting in intensified competition. The Group thus developed Tianqingganping enteric capsules with better therapeutic effect than Ganlixin capsules and its intellectual property right being protected. Sales of the medicine continued to increase to approximately HK$501.03 million in the year, representing a growth of approximately 16.1% when compared with last year. In 2005, CT Tianqing launched the patented medicine Tianqingganmei injections, which was made with Isoglycyrrhizinate separated from Licorice. During the year under review, the product has bright prospects and recorded the sales of approximately HK$2,256.43 million, an increase of approximately 17.2% against last year. The Group believes that medicine series made with ingredients extracted from Licorice will help to maintain CT Tianqing's leadership in the market for medicines protecting the liver and lowering enzyme levels.

The Group launched a patented hepatitis medicine called Mingzheng capsules in 2006. As a first-tier synthetic drug for combating hepatitis virus in the international market, the product has been well received by the market since launched with sales increasing rapidly. Mingzheng capsules have become another blockbuster product for combating hepatitis virus. For the year ended 31 December, 2015, its sales amounted to approximately HK$657.06 million.

CT Tianqing's self-developed new medicine for hepatitis B, Runzhong (Entecavir) dispersible tablet, has obtained the new product approval certificate and production approval in February 2010, making CT Tianqing the first pharmaceutical manufacturer to gain the approval for this product in the PRC. The product was launched to the market since March 2010. For the year ended 31 December, 2015, the sales amounted to approximately HK$3,120.77 million, an increase of approximately 33.4% against last year. Runzhong dispersible tablet is the latest generation of guanine nucleoside analogue oral medicine used mainly for the treatment of hepatitis B. It inhibits viral replication and has lower risk of triggering the emergence of medicine-resistant virus. After Entecavir was launched in 2005, the medicine recorded strong sales growth around the world as one of the most efficacious hepatitis B medicines.

Cardio-cerebral medicines

For the year ended 31 December, 2015, after accounted for certain pharmaceutical products not being consolidated but under the management of the Group, the sales of cardio-cerebral medicines amounted to approximately HK$3,220.39 million, representing approximately 18.1% of the non-Generally Accepted Accounting Practice ("GAAP") adjusted enlarged revenue of the Group. The consolidated sales of cardio-cerebral medicines of the Group amounted to approximately HK$1,372.39 million, representing approximately 9.4% of the Group's revenue.

NJCTT's Tianqingning injections is a plasma-volume expander for patients with blood volume deficiencies. As this product can be used as plasma for all blood types, it has huge market potential. For the year ended 31 December, 2015, the product recorded the sales of approximately HK$184.58 million. The sales of another pharmaceutical product, Yilunping tablets, amounted to approximately HK$546.50 million for the year ended 31 December, 2015, a year-on-year increase of approximately 13.5%. For the year ended 31 December, 2015, the sales of Tuotuo calcium tablets amounted to approximately HK$479.23 million, an year-on-year increase of approximately 40.6%.

Kaishi injections works on the Drug Delivery System (DDS) theory to improve cardio-cerebral micro-circulation blockage. It is the first micro-sphere target sustained release medicine in the PRC. The proprietary pharmaceutical technology used by the Group enhances the product to have more apparent effect than similar products in the market and occupied a substantial portion of market share. It received many awards from various countries since launched and was awarded GMP medicine certification by the Public Welfare and Health Ministry of Japan in February 2008. For the year ended 31 December, 2015, the sales of Kaishi injections amounted to approximately HK$1,566.64 million.

Oncology medicines

For the year ended 31 December, 2015, the sales of oncology medicines amounted to approximately HK$1,473.88 million, representing approximately 10.1% of the Group's revenue.

Oncology medicines are mainly developed and manufactured by CT Tianqing and NJCTT. For the year ended 31 December, 2015, sales of Zhiruo injections amounted to approximately HK$357.07 million, an increase of approximately 25.9% as compared with last year. The sales of Saiweijian injections amounted to approximately HK$292.86 million during the year under review, an increase of approximately 26.0% as compared with last year. The sales of Tianqingyitai injections amounted to approximately HK$222.43 million during the year under review, an increase of approximately 11.5% as compared with last year. For the year ended 31 December, 2015, the sales of a new product, Qingweike injections, amounted to approximately HK$133.27 million, an increase of 60.5% as compared with last year. Shoufu tablets was launched in February 2014. For the year ended 31 December, 2015, its sales amounted to approximately HK$107.34 million, a significant increase of approximately 137.6% as compared with last year. Sales of Gelike capsules for the year ended 31 December, 2015 amounted to approximately HK$114.38 million, an increase of approximately 69.6% as compared with last year.

Analgesic medicines

For the year ended 31 December, 2015, after accounted for certain pharmaceutical products not being consolidated but under the management of the Group, the sales of analgesic medicines amounted to approximately HK$1,421.77 million, representing approximately 8.0% of the non-GAAP adjusted enlarged revenue of the Group.

Launched in 2005, the analgesic medicine Kaifen injections is a Flurbiprofen Axetil microsphere target sustained release analgesic injection produced based on the DDS theory and enabled by advanced target technology. The product is developed and manufactured by Beijing Tide and is famous for strong pain relieving effect with minimal side effects. The sales of the product for the year ended 31 December, 2015 amounted to approximately HK$1,191.14 million, approximately 23.7% higher than that of last year.

Orthopedic medicines

For the year ended 31 December, 2015, the sales of orthopedic medicines amounted to approximately HK$1,040.64 million, representing approximately 7.2% of the Group's revenue.

The main product of orthopedic medicines is the new ossified triol capsules. For the year ended 31 December, 2015, its sales amounted to approximately HK$748.66 million, rose by approximately 7.2% as compared with last year. For the year ended 31 December, 2015, the sales of another product, Jiuli tablets, amounted to approximately HK$213.42 million, an increase of approximately 15.0% as compared with last year.

Parenteral nutritious medicines

For the year ended 31 December, 2015, the sales of parenteral medicines amounted to approximately HK$914.07 million, representing approximately 6.3% of the Group's revenue.

The main product of parenteral nutritious medicines is Xinhaineng injections. For the year ended 31 December, 2015, its sales amounted to approximately HK$672.13 million, an increase by approximately 8.9% as compared with last year. For the year ended 31 December, 2015, the sales of Fenghaineng fructose injections amounted to approximately HK$230.41 million.

Anti-infectious medicines

For the year ended 31 December, 2015, the sales of anti-infectious medicines amounted to approximately HK$906.07 million, representing approximately 6.2% of the Group's revenue.

The main product of anti-infectious medicines is Tiance injections. For the year ended 31 December, 2015, its sales amounted to approximately HK$764.54 million, approximately 37.5% higher than that of last year.

Respiratory system medicines

For the year ended 31 December, 2015, the sales of respiratory medicines amounted to approximately HK$528.51 million, representing approximately 3.6% of the Group's revenue.

The main product of respiratory system medicines is Tianqingsule inhalation powder. For the year ended 31 December, 2015, its sales amounted to approximately HK$297.49 million, an increase by approximately 52.3% as compared with last year. For the year ended 31 December, 2015, the sales of another pharmaceutical product, Chia Tai Suke tablets, amounted to approximately HK$147.31 million, an increase of approximately 25.9% as compared with last year.

Anorectal medicines

For the year ended 31 December, 2015, the sales of anorectal medicines amounted to approximately HK$253.12 million, representing approximately 1.7% of the Group's revenue.

The main product of anorectal medicines is Getai tablets. For the year ended 31 December, 2015, its sales amounted to approximately HK$183.91 million.

Diabetic medicines

For the year ended 31 December, 2015, the sales of diabetic medicines amounted to approximately HK$93.14 million, representing approximately 0.6% of the Group's revenue.

The main diabetic medicine of the Group, Taibai sustained release tablets, which is used for lowering blood sugar level, was developed and manufactured by CT Tianqing. There are more than 90 million diabetics in the PRC and the Metformin Hydrochloride has been identified as a first-tier medicine for lowering blood sugar level. As Taibai sustained release tablets has sustained release capability, it can stabilize a patient's blood sugar level. For the year ended 31 December, 2015, the sales of the product amounted to approximately HK$75.06 million, an increase by approximately 31.2% as compared with last year.

R&D

The Group has continued to focus its R&D efforts on new cardio-cerebral, hepatitis, oncology, analgesic and respiratory system medicines. During the year under review, the Group obtained 2 production approvals, was granted 25 clinical approvals, and made 83 new clinical applications, 23 production applications and 2 production applications after clinical completion. Moreover, a total of 361 pharmaceutical products had obtained clinical approval, or were under clinical trial or applying for production approval. Out of these, 41 were for cardio-cerebral medicines, 18 for hepatitis medicines, 146 for oncology medicines, 21 for respiratory system medicines, 21 for diabetic medicines and 114 for other medicines.

Over the years, the Group has been placing high importance on the development of proprietary innovative medicines and generic drugs by itself, as well as through collaboration and imitation, to raise both R&D standards and efficiency. In light of the fact that R&D continues to be the lifeblood of the Group's development, the Group continues to devote into more resources. For the year ended 31 December, 2015, the R&D expenditure of approximately HK$1,301.96 million, which accounted for approximately 8.9% of the Group's revenue, was charged to the statement of profit or loss.

The Group also places major emphasis on the protection of intellectual property rights. It encourages its enterprises to apply for patent applications as a means to enhance the Group's core competitiveness. During the year under review, the Group has made 205 new patent applications (197 invention patents, 7 utility model patents and 1 apparel design patent) and received 59 patent license notices (48 invention patents, 8 utility model patents and 3 apparel design patents). Altogether, the Group has obtained 445 invention patent approvals, 12 utility model patents and 53 apparel design patents.

INVESTOR RELATIONS

The Group is dedicated to maintaining high standards of corporate governance to ensure its sustainable long-term development. During the year under review, the Group has maintained effective communications with investors via various channels. These communications have facilitated local and overseas investors' understanding of the Group's business and its latest business developments. The Group also understands the importance of good investor relations to corporate management, hence, efforts have also been undertaken to solicit opinions and to obtain pertinent information through regular investor meetings in order to further upgrade its corporate governance standards.

During the year under review, the Group has proactively embarked on a number of initiatives to communicate the latest business information to investors in a timely fashion. It has participated in 12 major investor conferences and roadshows across Europe, the US and Asia. Major events included the "Goldman Sachs Investment Conference", "Morgan Stanley China Investment Summit", "Deutsche Bank 14th Annual Global Emerging Markets One-on-One Conference", "J.P Morgan Healthcare Conference Emerging Markets Track" and "CLSA Healthcare Seminar". Furthermore, the Group has also arranged for a number of factory site visits, teleconferences and one-on-one meetings with international and domestic institutional investors. Altogether, these events have served to increase the knowledge of more than 470 potential major investors about the Group's operations and our latest business developments, thus solidifying the confidence of shareholders, investors and customers in the Group's performance and prospects.

In addition, the Group posts its annual and interim reports, and issues quarterly, interim and annual results announcements, disclosures and circulars on its corporate website as well as on the website of Hong Kong Exchanges and Clearing Limited. The Group also issues corporate announcements in a timely manner to inform shareholders and investors about its latest developments, further facilitating a high degree of transparency.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company had complied with all the Code Provisions set out in the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("Listing Rules") for the year ended 31 December, 2015 except for Code Provision A.6.7 in relation to the attendance of general meetings by independent non-executive directors ("INEDs"). One INED was unable to attend the annual general meeting of the Company held on 2 June, 2015 and three INEDs were unable to attend the extraordinary general meeting of the Company held on 11 November, 2015 due to other business engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, it was confirmed that for the year ended 31 December, 2015 all Directors have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's liquidity remains strong. During the year under review, the Group's primary source of funds was cash derived from operating activities. As at 31 December, 2015, the Group's cash and bank balances were approximately HK$2,711.06 million (31 December, 2014: approximately HK$4,468.33 million).

CAPITAL STRUCTURE

As at 31 December 2015, the Group had short term loans of approximately HK$1,419.99 million (31 December, 2014: approximately HK$435.19 million) and had long term loans of approximately HK$306.06 million (31 December, 2014: approximately HK$1,288.60 million).

CHARGE ON ASSETS

As at 31 December, 2015, the Group had the charge on assets of approximately HK$533.72 million (31 December, 2014: approximately HK$52.08 million).

CONTINGENT LIABILITIES

As at 31 December, 2015, the Group and the Company had no material contingent liabilities (31 December, 2014: Nil).

ASSETS AND GEARING RATIO

As at 31 December, 2015, the total assets of the Group amounted to approximately HK$16,482.62 million (31 December, 2014: approximately HK$14,163.94 million) whereas the total liabilities amounted to approximately HK$6,039.57 million (31 December, 2014: approximately HK$5,345.65 million). The gearing ratio (total liabilities over total assets) was approximately 36.6% (31 December, 2014: approximately 37.7%).

EMPLOYEE AND REMUNERATION POLICIES

The Group had 15,259 employees as at 31 December, 2015 and remunerates its employees based on their performance, experience and the prevailing market rates. Other employee benefits include mandatory provident fund, insurance and medical coverage, subsidized training programmes as well as a share option scheme. Total staff cost (including Directors' remuneration) for the year was approximately HK$1,324,068,000 (2014: approximately HK$1,066,406,000).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

Most of the assets and liabilities of the Group were denominated in Renminbi, US dollars and HK dollars. In the PRC, foreign investment enterprises are authorized to convert Renminbi to foreign currency in respect of current account items (including payment of dividend and profit to the foreign joint venture partner). The exchange rate of HK dollars and US dollars is pegged under the fixed linked system over a long period of time. The Directors consider that the Group is not significantly exposed to foreign currency risk and no hedging or other alternatives have been implemented.

PROSPECTS

Looking to 2016, structure changes in the industry will continue, driven by the structural adjustment in the domestic economy and structural reform in the supply side. The PRC will also raise its requirements in environmental protection. Deepening reform in public hospitals and the introduction of hierarchical medical systems have also added challenges to the marketing efforts of pharmaceutical companies. More products will face the possibility of price reduction along with the implementation of a new round of tendering in many provinces. The country has also raised the standards in new medicine approvals in order to improve product quality. This move will also gradually eliminate companies lacking core competitiveness and lead to a more healthy development in the industry. The country's supportive policies to integrate pharmaceuticals and treatment with internet technology have also created new development opportunities for the industry.

The Group expects the income from the pharmaceutical industry will continue to experience slower growth in 2016. In spite of this, companies with core competitiveness will be presented with development opportunities across various aspects of their businesses. The Group will endeavor to maintain a leadership position in pharmaceuticals with its growth exceeding that of the industry.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to our shareholders for their trust, support and understanding, as well as to all staff for their dedication and diligence.

RESULTS

The Board announces the consolidated results of the Group for the year ended 31 December, 2015 together with the comparative consolidated results for 2014 as follows:

Consolidated Statement of Profit or Loss

	Notes	For the year ended 31 December, 2015 HK$'000	2014 HK$'000
REVENUE	4	**14,550,225**	12,378,350
Cost of sales		**(3,249,697)**	(2,920,531)
Gross profit		**11,300,528**	9,457,819
Other income and gains	4	**391,633**	293,182
Selling and distribution costs		**(5,897,286)**	(5,342,527)
Administrative expenses		**(1,234,046)**	(824,966)
Other expenses		**(1,362,387)**	(1,075,997)
Finance cost	5	**(79,812)**	(43,096)
Share of profits and losses of associates		**325,254**	336,792
PROFIT BEFORE TAX	6	**3,443,884**	2,801,207
Income tax expense	7	**(532,876)**	(440,153)
PROFIT FOR THE YEAR		**2,911,008**	2,361,054
Profit attributable to:			
Owners of the parent		**1,778,692**	1,513,205
Non-controlling interests		**1,132,316**	847,849
		2,911,008	2,361,054
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
– Basic and diluted		**HK33.95 cents**	HK30.62 cents

Details of the proposed final dividend are disclosed in note 8 of this announcement.

Consolidated Statement of Comprehensive Income

	For the year ended 31 December, 2015 HK$'000	2014 HK$'000
PROFIT FOR THE YEAR	**2,911,008**	2,361,054
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investments:		
Change in fair value	**(9,052)**	1,206
Reclassification adjustments for losses included in the consolidated statement of profit or loss		
– loss on disposal	**7,846**	–
Exchange differences on translation of foreign operations	**(341,327)**	(139,673)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(342,533)**	(138,467)
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Gains on property revaluation	**30,056**	49,714
Income tax effect	**(3,473)**	(11,002)
	26,583	38,712
Share of other comprehensive loss of associates	**(114,352)**	(6,024)
Net other comprehensive (loss)/income not to be reclassified to profit or loss in subsequent periods	**(87,769)**	32,688
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(430,302)**	(105,779)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**2,480,706**	2,255,275
Attributable to:		
Owners of the parent	**1,470,504**	1,443,682
Non-controlling interests	**1,010,202**	811,593
	2,480,706	2,255,275

Consolidated Statement of Financial Position

	Notes	**31 December, 2015** *HK$'000*	31 December, 2014 *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,656,187**	2,340,180
Investment properties		**496,489**	–
Properties under development		**529,735**	–
Prepaid land lease payments		**333,884**	339,351
Goodwill		**110,709**	110,850
Other intangible assets		**198,907**	162,233
Investments in associates		**1,258,323**	1,361,421
Available-for-sale investments		**368,351**	425,563
Financial assets designated at fair value through profit or loss		**224,989**	–
Deferred tax assets		**214,966**	107,927
Prepayments		**154,347**	1,135,890
Total non-current assets		**6,546,887**	5,983,415
CURRENT ASSETS			
Inventories		**950,148**	901,625
Trade and bills receivables	*10*	**1,866,408**	1,889,661
Prepayments, deposits and other receivables		**1,527,610**	373,186
Due from related companies		**–**	18,050
Available-for-sale investments		**2,419,678**	–
Equity investments at fair value through profit or loss		**460,826**	529,671
Cash and bank balances	*11*	**2,711,061**	4,468,333
Total current assets		**9,935,731**	8,180,526
CURRENT LIABILITIES			
Trade and bills payables	*12*	**767,592**	775,241
Tax payable		**257,221**	172,820
Other payables and accruals		**3,079,249**	2,444,065
Interest-bearing bank borrowings		**1,419,990**	435,187
Due to related companies		**–**	33,959
Total current liabilities		**5,524,052**	3,861,272
NET CURRENT ASSETS		**4,411,679**	4,319,254
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,958,566**	10,302,669

	Notes	**31 December, 2015** *HK$'000*	31 December, 2014 *HK$'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,958,566**	10,302,669
NON-CURRENT LIABILITIES			
Deferred government grants		**141,638**	119,050
Interest-bearing bank borrowings		**306,062**	1,288,597
Deferred tax liabilities		**67,821**	76,726
Total non-current liabilities		**515,521**	1,484,373
Net assets		**10,443,045**	8,818,296
EQUITY			
Equity attributable to owners of the parent			
Share capital	*13*	**185,305**	123,536
Reserves		**7,570,583**	6,487,106
		7,755,888	6,610,642
Non-controlling interests		**2,687,157**	2,207,654
Total equity		**10,443,045**	8,818,296

Notes:

1. BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong, and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain buildings classified as property, plant and equipment and equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") 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 (collectively referred to as the "Group") for the year ended 31 December, 2015. A subsidiary is an entity (including a structured 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:

- the contractual arrangement with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- 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 parent of the Group 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 described in the accounting policy 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 investment 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. CHANGES IN ACCOUNTING POLICES AND DISCLOSURES

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

Amendments to HKAS 19 *Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle
Annual Improvements to HKFRSs 2011-2013 Cycle

The adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements. In addition, the Company has adopted the amendments to the Listing Rules issued by the Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year.

3. OPERATING SEGMENT INFORMATION

The management considers the business from products/services perspective. The three reportable segments are as follows:

(a) the modernized Chinese medicines and chemical medicines segment comprises the manufacture, sale and distribution of the modernized Chinese medicine products and chemical medicine products;

(b) the investment segment is engaged in long term and short term investments; and

(c) the other segment comprises, principally, (i) the Group's R&D sector which provides services to third-party; and (ii) related healthcare and hospital business.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax.

Segment assets exclude deferred tax assets and investments in associates as these assets are managed on a group basis.

Segment liabilities exclude tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

The segment results for the twelve months ended 31 December, 2015

	Modernized Chinese medicines and chemical medicines *HK$'000*	Investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	**14,045,796**	**–**	**504,429**	**14,550,225**
Segment results	**3,296,629**	**(47,442)**	**95,178**	**3,344,365**
Reconciliation:				
Interest and unallocated gains				**74,503**
Share of profits and losses of associates				**325,254**
Unallocated expenses				**(300,238)**
Profit before tax				**3,443,884**
Income tax expense				**(532,876)**
Profit for the year				**2,911,008**
Assets and liabilities				
Segment assets	**10,134,496**	**4,294,458**	**580,375**	**15,009,329**
Reconciliation:				
Investments in associates				**1,258,323**
Other unallocated assets				**214,966**
Total assets				**16,482,618**
Segment liabilities	**3,727,461**	**1,751,865**	**235,205**	**5,714,531**
Reconciliation:				
Other unallocated liabilities				**325,042**
Total liabilities				**6,039,573**
Other segment information:				
Depreciation and amortisation	**299,757**	**53,403**	**7,495**	**360,655**
Capital expenditure	**772,324**	**546,642**	**8,445**	**1,327,411**
Other non-cash expenses	**325**	**16**	**1**	**342**

The segment results for the twelve months ended 31 December, 2014

	Modernized Chinese medicines and chemical medicines *HK$'000*	Investment *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:				
Sales to external customers	11,951,420	–	426,930	12,378,350
Segment results	2,482,034	26,136	111,630	2,619,800
Reconciliation:				
Interest and unallocated gains				113,593
Share of profits and losses of associates				336,792
Unallocated expenses				(268,978)
Profit before tax				2,801,207
Income tax expense				(440,153)
Profit for the year				2,361,054
Assets and liabilities				
Segment assets	8,676,147	3,515,351	503,095	12,694,593
Reconciliation:				
Investments in associates				1,361,421
Other unallocated assets				107,927
Total assets				14,163,941
Segment liabilities	3,501,846	1,418,194	176,059	5,096,099
Reconciliation:				
Other unallocated liabilities				249,546
Total liabilities				5,345,645
Other segment information:				
Depreciation and amortisation	253,547	6,291	5,730	265,568
Capital expenditure	584,248	17,428	36,702	638,378
Other non-cash expenses	1,962	4	45	2,011

No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China, and over 90% of the Group's non-current assets other than available-for-sale investments and deferred tax assets are based in Mainland China.

No information about a major customer is presented as no single customer contributes to over 10% of the Group's revenue for the years ended 31 December, 2015 and 2014.

4. REVENUE, OTHER INCOME AND GAINS

Revenue, which is the Group's revenue, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other income and gains is as follows:

	For the year ended 31 December,	
	2015	2014
	HK$'000	*HK$'000*
Revenue		
Sale of goods	**14,550,225**	12,378,350
Other income		
Bank interest income	**74,503**	113,593
Interest income on convertible bonds	**18,798**	–
Dividend income	**12,848**	15,776
Government grants	**29,767**	52,373
Sale of scrap materials	**8,271**	14,481
Investment income	**194,595**	23,349
Gross rental income	**2,024**	–
Others	**19,341**	29,122
	360,147	248,694
Gains		
Gain on disposal of items of property, plant and equipment	**208**	258
Gain on disposal of a prepaid land lease payment	**–**	125
Gain on disposal of a subsidiary	**–**	8,428
Fair value gains		
Equity investments at fair value through profit or loss – held for trading	**31,278**	35,667
	31,486	44,488
Total other income and gains	**391,633**	293,182

5. FINANCE COST

	For the year ended 31 December,	
	2015	2014
	HK$'000	*HK$'000*
Interest on bank borrowings	**79,812**	43,096

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	For the year ended 31 December,	
	2015	2014
	HK$'000	*HK$'000*
Cost of sales	**3,249,697**	2,920,531
Depreciation of property, plant and equipment	**317,902**	248,164
Depreciation of investment properties	**23,849**	–
Recognition of prepaid land lease payments	**7,345**	6,078
Amortization of other intangible assets	**11,559**	11,326
Research and development costs	**1,301,959**	1,073,319
Revaluation deficit/(surplus) of property, plant and equipment	**27,852**	(24)
Gain on disposal of items of property, plant and equipment	**(208)**	(258)
Gain on disposal of a prepaid lease payment	**–**	(125)
Gain on disposal of a subsidiary	**–**	(8,428)
Loss on disposal of items of property, plant and equipment	**342**	2,011
Bank interest income	**(74,503)**	(113,593)
Dividend income	**(12,848)**	(15,776)
Investment income	**(194,595)**	(23,349)
Impairment of an investment in an associate	**15,699**	–
Fair value gains, net:		
Available-for-sale investments (transferred from equity in disposal)	**7,846**	–
Equity investments at fair value through profit or loss		
– held for trading	**(31,278)**	(35,677)
Financial assets designated as fair value through profit or loss	**25,281**	–
Minimum lease payments under operating leases:		
Land and buildings	**25,518**	33,660
Auditors' remuneration	**4,699**	4,879
Staff cost (including directors' remuneration)		
Wages and salaries	**1,108,851**	904,335
Pension contributions	**215,217**	162,071
	1,324,068	1,066,406
Accrual/(Reversal) of impairment loss of trade receivables	**319**	(124)
Foreign exchange differences, net	**87,711**	30,840

7. INCOME TAX EXPENSE

	For the year ended 31 December,	
	2015	2014
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong	**–**	–
Current – Mainland China income tax	**590,724**	409,468
Deferred tax	**(57,848)**	30,685
Total tax charge for the year	**532,876**	440,153

Hong Kong profits tax has been provided at a rate of 16.5% (2014: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates based on existing legislation, interpretations and practices in respect thereof.

During the twelve months ended 31 December, 2015, CT Tianqing, NJCTT, Jiangsu Fenghai, Jiangsu Qingjiang, Qingdao Haier, Shanghai Tongyong, LYG Runzhong and CTGP were subject to a corporate income tax rate of 15% because they are qualified as a "High and New Technology Enterprise".

Other than the above mentioned entities, the other entities located in the PRC are subject to a corporate income tax rate of 25% in 2015.

8. DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended the payment of a final dividend of HK1.5 cents per ordinary share for the year ended 31 December, 2015 (2014: HK1.5 cents). After the issuance of bonus shares, the total amount of dividend payment of the Company for 2015 will be increased to approximately HK$333.55 million (2014: approximately HK$296.49 million). Subject to the approval by the shareholders of the Company at the forthcoming annual general meeting, the dividend will be paid to shareholders on Wednesday, 13 July, 2016 whose names appear on the Register of Members of the Company on Monday, 4 July, 2016.

The Register of Members of the Company will be closed for the following periods:–

(a) For the purpose of determining shareholders who are entitled to attend and vote at the annual general meeting, the register of members of the Company will be closed from Tuesday, 14 June, 2016 to Wednesday, 15 June, 2016, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the attendance and voting at the annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Monday, 13 June, 2016.

(b) For the purpose of determining shareholders who are qualified for the final dividend, the register of members of the Company will be closed from Thursday, 30 June, 2016 to Monday, 4 July, 2016, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by 4:30 p.m. on Wednesday, 29 June, 2016.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent for the year of approximately HK$1,778,692,000 (2014: approximately HK$1,513,205,000), and the weighted average number of ordinary shares of 5,239,302,986 (2014: 4,941,461,473) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during these two years.

10. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period ranges from 60 days to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

An aged analysis of the Group's trade and bills receivables as at the end of reporting period, based on invoice date and net of provisions, is as follows:

	31 December, 2015	31 December, 2014
	HK$'000	*HK$'000*
Current to 90 days	**1,603,326**	1,459,335
91 days to 180 days	**235,107**	412,250
Over 180 days	**27,975**	18,076
	1,866,408	1,889,661

11. CASH AND BANK BALANCES

	31 December, 2015	31 December, 2014
	HK$'000	*HK$'000*
Cash and bank balances, unrestricted	**1,230,422**	1,362,227
Time deposits with original maturity of less than three months	**1,300,457**	1,805,003
Time deposits with original maturity of more than three months	**180,182**	1,301,103
	2,711,061	4,468,333

12. TRADE AND BILLS PAYABLES

An aged analysis of the Group's trade and bills payables as at the end of reporting period, based on invoice date, is as follows:

	31 December, 2015 *HK$'000*	31 December, 2014 *HK$'000*
Current to 90 days	**617,372**	600,036
91 days to 180 days	**111,786**	135,742
Over 180 days	**38,434**	39,463
	767,592	775,241

13. SHARE CAPITAL

	31 December, 2015 *HK$'000*	31 December, 2014 *HK$'000*
Issued and fully paid:		
7,412,192,209 ordinary shares of HK$0.025 each (2014: 4,941,461,473 ordinary shares of HK$0.025 each)	**185,305**	123,536

A bonus issue of one bonus share for every two existing shares held by the shareholders of the Company on 18 November, 2015 was made, resulting in the issuance of 2,470,730,736 ordinary shares.

INDEPENDENT NON-EXECUTIVE DIRECTORS, AUDIT COMMITTEE AND REVIEW OF RESULTS

The Group has complied with Rules 3.10 and 3.10(A) of the Listing Rules relating to the appointment of a sufficient number of the INEDs and at least an INED with appropriate professional qualifications, or accounting or related financial management expertise. The Company has appointed four INEDs including two with financial management expertise. Details of their biographies will be set out in the 2015 Annual Report of the Company.

The Audit Committee is comprised of three INEDs. It has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the consolidated financial statements of the Company for the year ended 31 December, 2015.

EVENTS AFTER THE REPORTING PERIOD

On 7 January, 2016, the Company entered into a subscription agreement with China Cinda Asset Management Co., Ltd. ("China Cinda"), a company listed on the Stock Exchange, for the subscription of 1,907,845,112 new H shares of China Cinda at the subscription price of RMB2.58 (equivalent to approximately HK$3.05) per subscription share (the "Subscription"). The Subscription was subsequently terminated on 4 February, 2016. For details, please refer to the announcements of the Company dated 7 January, 2016 and 4 February, 2016.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the period from 1 January, 2015 to 31 December, 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
Sino Biopharmaceutical Limited
Tse, Theresa Y Y
Chairlady

Hong Kong, 30 March, 2016

As at the date of this announcement, the Board of the Company comprises seven Executive Directors, namely Miss Tse, Theresa Y Y, Mr. Tse Ping, Mr. Xu Xiaoyang, Mr. Tse Hsin, Mr. Wang Shanchun, Mr. Tian Zhoushan and Ms. Li Mingqin and four Independent Non-Executive Directors, namely Mr. Lu Zhengfei, Mr. Li Dakui, Ms. Lu Hong and Mr. Zhang Lu Fu.