GOLDEN THROAT HOLDINGS GROUP COMPANY LIMITED
金嗓子控股集團有限公司

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

(Stock Code: 6896)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

- Revenue increased by RMB100.1 million or 16.5% to RMB706.9 million, as compared to the year ended 31 December 2014.
- Gross profit increased by RMB92.2 million or 21.4% to RMB522.1 million, as compared to the year ended 31 December 2014, and gross profit margin reached 73.9%.
- Earnings before interest, taxes, depreciation and amortisation increased by RMB39.0 million or 21.7% to RMB218.5 million, as compared to the year ended 31 December 2014.
- Profit attributable to shareholders increased by RMB32.7 million or 26.8% to RMB154.6 million, as compared to the year ended 31 December 2014.
- The Board recommends the payment of a final dividend of HK$0.06 per share for the year ended 31 December 2015 to the shareholders of the Company. The final dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting and, if approved, will be payable on or before 30 June 2016.

RESULTS

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended 31 December 2015, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
REVENUE	5	**706,922**	606,801
Cost of sales		**(184,818)**	(176,893)
Gross profit		**522,104**	429,908
Other income and gains	5	**27,264**	18,250
Selling and distribution expenses		**(255,375)**	(213,286)
Administrative expenses		**(78,364)**	(59,101)
Other expenses		**(3,115)**	(5,395)
Finance costs	7	**(10,091)**	(13,538)
PROFIT BEFORE TAX	6	**202,423**	156,838
Income tax expense	8	**(47,805)**	(35,128)
PROFIT FOR THE YEAR		**154,618**	121,710
Attributable to:			
Owners of the parent		**154,618**	121,893
Non-controlling interests		**–**	(183)
		154,618	121,710
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT:			
Basic and diluted			
– For profit for the year	10	**RMB24.21 cents**	RMB22.38 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2015

	2015	2014
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**154,618**	121,710
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**10,996**	–
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**10,996**	–
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**10,996**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**165,614**	121,710
Attributable to:		
Owners of the parent	**165,614**	121,893
Non-controlling interests	**–**	(183)
	165,614	121,710

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**36,923**	39,601
Advance payments for property, plant and equipment		**635**	907
Prepaid land lease payments		**40,818**	20,741
Prepayments, deposits and other receivables		**248**	378
Deferred tax assets		**16,083**	10,533
Total non-current assets		**94,707**	72,160
CURRENT ASSETS			
Inventories		**36,759**	47,853
Trade and bills receivables	*11*	**372,275**	261,998
Prepayments, deposits and other receivables		**42,412**	31,950
Due from related parties		**541**	3,673
Available-for-sale investments		**82**	1,103
Pledged deposits		**–**	22,126
Cash and cash equivalents		**754,664**	127,163
Total current assets		**1,206,733**	495,866
CURRENT LIABILITIES			
Trade payables	*12*	**10,302**	19,773
Other payables and accruals		**170,675**	172,322
Interest-bearing bank borrowings	*13*	**91,691**	94,780
Due to a director		**96**	188
Due to related parties		**110**	7,585
Tax payable		**47,648**	39,219
Government grants		**366**	410
Dividend payable		**–**	137,720
Total current liabilities		**320,888**	471,997
NET CURRENT ASSETS		**885,845**	23,869
TOTAL ASSETS LESS CURRENT LIABILITIES		**980,552**	96,029

	2015	2014
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Other payables and accruals	**855**	1,104
Government grants	**2,462**	3,494
Deferred tax liabilities	**8,790**	79
Total non-current liabilities	**12,107**	4,677
Net assets	**968,445**	91,352
EQUITY		
Equity attributable to owners of the parent		
Share capital	**115**	–
Share premium	**711,364**	–
Reserves	**256,966**	91,352
Total equity	**968,445**	91,352

NOTES TO FINANCIAL STATEMENTS

31 December 2015

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 2 September 2014. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During 2015, the Group was principally involved in the manufacture and sale of pharmaceutical, healthcare food and other products.

On 15 July 2015, the Company succeeded its listing on the Main Board of the Stock Exchange.

In the opinion of the Directors, the holding company of the Company is Golden Throat International Holding Limited, which is incorporated in British Virgin Islands.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), 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 available-for-sale investments which have been measured at fair value.

These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

3. 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 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 has had no significant financial effect on the 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. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resources allocation and performance assessment.

Geographical information

During the year, all of the Group's revenue was generated from customers located in Mainland China and all of the non-current assets of the Group was located in Mainland China.

Information about major customers

No revenue from the Group's sales to a single customer amounted to 10% or more of the Group's total revenue during the year (2014: Nil).

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, and net of value added tax and government surcharges during the year.

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

	2015 ***RMB'000***	2014 *RMB'000*
Revenue		
Sale of goods	**706,922**	606,801
Other income		
Government grants	**14,545**	11,334
Bank interest income	**9,729**	730
Investment income from available-for-sale investments	**86**	792
Rental income	**52**	100
Others	**1,124**	615
	25,536	13,571
Gains		
Exchange gains, net	**1,728**	–
Gain on transfer of a funding right of Golden Throat Football School	**–**	473
Gain on disposal of a subsidiary	**–**	546
Gain on disposal of prepaid land lease payments	**–**	218
Gain on bargain purchase of a subsidiary	**–**	3,442
	1,728	4,679
	27,264	18,250

6. PROFIT BEFORE TAX

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

	2015	2014
	RMB'000	*RMB'000*
Cost of inventories sold	**184,818**	176,893
Depreciation of items of property, plant and equipment	**5,218**	8,515
Amortisation of land lease payments	**789**	602
Research and development costs	**2,289**	2,777
Minimum lease payments under operating leases	**578**	356
Auditors' remuneration	**3,930**	2,808
Government grants	**(14,545)**	(11,334)
Bank interest income	**(9,729)**	(730)
Investment income from available-for-sale investments	**(86)**	(792)
Rental income	**(52)**	(100)
Gain on transfer of a funding right of Golden Throat Football School	**–**	(473)
Gain on disposal of a subsidiary	**–**	(546)
Gain on disposal of prepaid land lease payments	**–**	(218)
Gain on bargain purchase of a subsidiary	**–**	(3,442)
Exchange gains, net	**(1,728)**	–
Employee benefit expense (excluding Directors' remuneration):		
Wages and salaries	**58,422**	55,628
Pension	**8,924**	8,661
Staff welfare expenses	**15,617**	15,726
	82,963	80,015
Loss on disposal of items of property, plant and equipment	**474**	764
Donation	**120**	1,615
Changes in fair value of available-for-sale investments	**44**	–
Impairment of property, plant and equipment	**–**	1,672
Impairment of prepaid land lease payments	**–**	739
Impairment of intangible assets	**–**	164
Impairment of other receivables	**310**	–
(Reversal of impairment)/impairment of trade receivables	**(704)**	148
(Reversal of write-down)/write-down of inventories to net realisable value	**(791)**	28

7. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest on bank loans	**6,083**	11,016
Interest on discounted bills receivable	**4,008**	2,522
	10,091	13,538

8. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The income tax expense of the Group for the years ended 31 December 2015 and 2014 is analysed as follows:

	2015	2014
	RMB'000	*RMB'000*
Current tax:		
Charge for the year	**44,644**	35,211
Deferred tax	**3,161**	(83)
Total tax charge for the year	**47,805**	35,128

9. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Proposed final		
– HK6 cents (2014: Nil) per ordinary share	**37,660**	–

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

No dividend has been declared by the Company since the date of its incorporation and Golden Throat Company to its then shareholders during the year ended 31 December 2015 (2014: RMB167,289,000).

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 638,662,951 (2014: 544,770,000) in issue during the year, on the assumption that the subdivision of shares and the reorganisation had been completed on 1 January 2014.

The calculation of basic earnings per share is based on:

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**154,618**	121,893

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**638,662,951**	544,770,000

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2015 and 2014.

11. TRADE AND BILLS RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**60,409**	50,374
Bills receivable	**314,189**	224,898
	374,598	275,272
Impairment	**(2,323)**	(13,274)
	372,275	261,998

The Group's trading terms with its customers are mainly on credit. The credit period is generally three months, extending up to six months for major customers. The Group seeks to maintain strict control over its outstanding receivables and 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 trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Less than 3 months	**55,264**	32,961
3 to 6 months	**1,395**	2,544
6 to 12 months	**755**	994
1 to 2 years	**490**	371
Over 2 years	**182**	230
	58,086	37,100

12. TRADE PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**10,302**	19,773

An aged analysis of the trade payables as at the end of each of the reporting period, based on the invoice date, is as follows:

	2015	2014
	RMB'000	*RMB'000*
Less than 3 months	**3,921**	17,156
3 to 6 months	**4,021**	1,305
6 to 12 months	**1,088**	463
1 to 2 years	**423**	602
Over 2 years	**849**	247
	10,302	19,773

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

13. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate	**Maturity**	**2015**	2014
	(%)		***RMB'000***	*RMB'000*
Current				
Bank loans – secured	3.37-5.60	Within 1 year	61,691	84,780
Bank loans – unsecured	5.60-6.00	Within 1 year	30,000	10,000
			91,691	94,780
Analysed into:				
Bank loans repayable:				
Within one year or on demand			91,691	94,780

Notes:

(a) Certain of the Group's bank loans are secured by:

(i) mortgages over certain of the Group's leasehold lands which had an aggregate net carrying value at the end of the reporting period of approximately RMB38,258,000 (2014: RMB17,659,000);

(ii) mortgages over certain of the Group's buildings which had an aggregate net carrying value at the end of the reporting period of approximately RMB1,717,000 (2014: RMB1,861,000);

(iii) the pledge of the Group's bills receivable at the end of the reporting period of RMB1,691,000 (2014: RMB24,880,000); and

(iv) no pledge of the Group's time deposits at the end of the reporting period (2014: RMB22,126,000).

A Director of the Company, Ms. JIANG Peizhen, has guaranteed certain of the Group's bank loans up to RMB20,000,000 (2014: Nil) as at the end of the reporting period.

14. CONTINGENT LIABILITIES

As at 31 December 2015, the Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. However, the Group believes such contingent liabilities are insignificant. Accordingly it has not made provision for such contingent liabilities, and it is not anticipated that any material liabilities will arise from such contingent liabilities.

15. EVENTS AFTER THE REPORTING PERIOD

(a) The Board proposed a final dividend of HK$0.06 per ordinary share totalling HK$45,000,000 to the shareholders of the Company.

(b) On 15 February 2016, the Company has entered into the Framework Agreement on strategic cooperation with Jointown Pharmaceutical Group Co., Ltd. ("Jointown"), based on both parties' mutual desire for joint development. Pursuant to the Framework Agreement, the Company shall grant exclusive agency rights to Jointown for the sales and distribution of the Group's certain types of products within mainland of the PRC through Jointown's pharmaceutical distribution network, but such rights shall not include Jointown's right to engage any sub-distributors outside of its distribution network. The term of the Framework Agreement is six years, commencing from 1 January 2016 till 31 December 2021.

(c) On 17 February 2016, the Group established a subsidiary, Guangxi Golden Throat Food Co., Ltd., with registered capital of RMB2,000,000.

MANAGEMENT DISCUSSION AND ANALYSIS

This management discussion and analysis is prepared as of 30 March 2016 (being the date of this announcement). It should be read in conjunction with the audited consolidated financial statements and notes thereto of the Group for the year ended 31 December 2015.

"Audit Committee"	the audit committee of the Board, established on 13 February 2015.
"Board"	the board of Directors of the Company.
"CFDA"	China Food and Drug Administration (國家食品藥品監督管理總局).
"CG Code"	the Corporate Governance Code contained in Appendix 14 to the Listing Rules.
"CNMA"	China Nonprescription Medicines Association (中國非處方藥物協會).
"Company"	Golden Throat Holdings Group Company Limited (金嗓子控股集團有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 2 September 2014.
"Director(s)"	director(s) of the Company.
"Framework Agreement"	a framework agreement on strategic cooperation dated 15 February 2016 entered into between the Company and Jointown.
"Golden Throat Company"	廣西金嗓子有限責任公司 (Guangxi Golden Throat Co., Ltd.), a company with limited liability established in China on 18 September 1998 and an indirect wholly owned subsidiary of the Company.
"Golden Throat Lozenges (OTC)"	金嗓子喉片, one of the Group's key products and approved as a type of over-the-counter medicine.
"Golden Throat Lozenge Series Products"	金嗓子喉寶系列產品, one of the Group's key products and approved as food products.
"Golden Throat Vegetable Beverages Series Products"	金嗓子植物飲料系列產品, a series type of the Group's pipeline products and approved as a type of food.
"Group"	the Company and its subsidiaries.
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong.

"IPO Proceeds"	the net proceeds from the listing of the Company's shares on the Stock Exchange.
"Jointown"	九州通醫藥集團股份有限公司 (Jointown Pharmaceutical Group Co., Ltd.), a company listed on the Shanghai Stock Exchange (stock code: 600998) and an independent third party of the Group.
"Listing Date"	15 July 2015.
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time.
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.
"OTC"	relating to pharmaceutical products which may, upon receiving the CFDA approval, be sold over the counter in China at dispensers, pharmacies or retail outlets without requiring a prescription by a medical practitioner.
"PRC" or "China"	the People's Republic of China excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan.
"Prospectus"	the prospectus of the Company dated 30 June 2015 in respect of the global offering of its shares.
"RMB"	Renminbi, the lawful currency of the PRC.
"R&D"	research and development.
"RTD"	Ready-to-drink.
"SC"	Certification of Standard on Food Production (issued by CFDA).
"Stock Exchange"	The Stock Exchange of Hong Kong Limited.
"Vegetable Beverage"	Golden Throat Vegetable Beverage (金嗓子植物飲料).
"Weikete"	廣西維科特生物技術有限公司 (Guangxi Weikete Biological Technology Co., Ltd.), a company with limited liability established in China on 7 November 2001 and indirectly controlled by Ms. JIANG Peizhen.

BUSINESS REVIEW

The Group is a leading manufacturer of lozenges in China. In November 2015, the Group's flagship product, Golden Throat Lozenges (OTC) was awarded No. 1 amongst Chinese traditional medicines (Throat) in 2015 by CNMA. The Group's history dates back to 1956 when Liuzhou No. 2 Sweet Factory (柳州市糖果二廠), the predecessor of Golden Throat Company, was established. Since then, the Group has developed into a comprehensive modern group mainly engaging in the manufacture and sale of lozenges and other pharmaceutical and food products.

Key Products

The Group reports its revenue by three product categories, consisting of Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and other products.

During 2015, the Group's sale of lozenges maintained a strong growth momentum as the Group further deepened its market penetration of its key products. For the year ended 31 December 2015, the Group recorded a strong revenue growth of 16.5% as compared to the corresponding period in 2014.

Golden Throat Lozenges (OTC) – over-the-counter medicine

The Group's flagship product is Golden Throat Lozenges (OTC), which was launched in 1994. It is a type of lozenge mainly designed to relieve symptoms of sore and dry throat and hoarse voice caused by acute pharyngitis. Golden Throat Lozenges (OTC) was approved as over-the-counter medicine by the CFDA, as such they can be purchased by the public in pharmacies without requiring the prescription of a qualified medical professional.

As of 31 December 2015, Golden Throat Lozenges (OTC) has been exported to the United States, Canada, the European Union, Australia, South Asia and Middle East.

During the year ended 31 December 2015, the Group's sales of Golden Throat Lozenges (OTC) accounted for 91.8% of its total revenue.

Golden Throat Lozenge Series Products – Food

The Group's other key products are the Golden Throat Lozenge Series Products, which include six products comprising of Dule Lozenges (都樂含片), sugar-free Dule Lozenges and four other sugar-free flavours of this series, namely orange (香橙), fructus momordicae (羅漢果), chrysanthemum (桑菊) and American ginseng (西洋參).

A major difference between Golden Throat Lozenges (OTC) and Golden Throat Lozenge Series Products is that the former is approved as over-the-counter medicine, whereas the latter are approved as food products. The sugar-free series of the Golden Throat Lozenge Series Products were launched in 2013 to cater to those customers that prefer sugar-free products.

As of 31 December 2015, Golden Throat Lozenge Series Products were exported to seven countries and regions.

During the year ended 31 December 2015, the Group's sales of Golden Throat Lozenge Series Products accounted for 5.6% of its total revenue.

Other Products

Sales of the Group's other products accounted for 2.6% of the Group's revenue for the year ended 31 December 2015. One of the Group's other products is Yinxingye Tablet (銀杏葉片), which is mainly designed to facilitate blood circulation, remove blood stasis and dredge energy channels and was approved as a prescription medicine by the CFDA.

Research and Development

The Group's business has significantly benefited from its strong track record in R&D. Since 1994, the Group has successfully developed 31 new products for which it has obtained manufacturing permits, amongst which, eight are pharmaceutical products, 21 are food products, one is a health food product and one is medical apparatus product.

The Group's R&D activities are conducted both in-house and through collaborations with external research institutions, such as hospitals, institute for drug research and other companies. As of 31 December 2015, the Group's R&D team consist of approximately 280 people.

The Group will continue its co-operation with external institutions in product research, development and commercialisation with the aim of improving production quality and efficiency. The Group intends to incur an aggregate of approximately RMB65 million on research and development activities for the next three years. As of 31 December 2015, the Group has incurred RMB2.3 million on R&D activities.

Pipeline Products

The Group seeks to develop new pharmaceutical products and food products addressing selected key medical and health needs, with the objective of contributing to the improvement of the public health and capturing market share in new markets, as well as enriching its product portfolio.

The Group's major pipeline products include Golden Throat Vegetable Beverages Series Products and Lengyinzi (冷飲子).

Golden Throat Vegetable Beverages Series Products

Vegetable Beverage is a type of traditional Chinese vegetable drink. The Group has also developed a sugar-free series of Vegetable Beverage to cater to those customers that prefer sugar-free products.

The Group believes there is potential in the growing market demand for RTD tea market in China, therefore it targets to achieve a gross profit margin of approximately 20% through the sale of Vegetable Beverages.

The Group entered into a framework distribution co-operation agreement with one of its distributors, pursuant to which such distributor will be responsible for the sales of Vegetable Beverage in Guangdong, Hunan, Zhejiang and Jiangsu. The term of such framework distribution co-operation agreement is from 1 April 2015 to 31 December 2020. The Group will continue to seek opportunities to enter into distribution cooperation agreements with more distributors in order to expand its distribution network for the Golden Throat Vegetable Beverages Series Products.

The Group expects to launch the Vegetable Beverages (including sugar-free series) on a trial basis in the first half of 2016 through various retail channels.

Lengyinzi (冷飲子)

Lengyinzi is a type of traditional Chinese herbal drink.

The Group has commenced functional research for Lengyinzi. The Group plans to submit application for approval for Lengyinzi as a type of food and to obtain SC certificate and other approvals and permits for the sale of Lengyinzi before the end of 2016.

Sales, Marketing and Distribution

Branding

The Group believes that strong brand recognition and customer loyalty are key to the recognition of the "Golden Throat (金嗓子)" brand. The Group's principal brand, "Golden Throat (金嗓子)" was awarded with "Brand China – Huapu Award" (品牌中國一華譜獎) by Brand China Industry Union and China Chamber of International Commerce in 2011 and "CCTV China Annual Brand" (中央電視台中國年度品牌) by CCTV in 2012.

Distribution Network

The Group has established an extensive and structured nationwide sales and distribution network for its (a) over-the-counter medicines, (b) food products and (c) prescription medicines and medical apparatus. During the year ended 31 December 2015, substantially all of the Group's revenue was generated from sales to distributors.

As of 31 December 2015, the Group's distribution network comprised over 300 distributors which were directly engaged by it covering all the provinces, autonomous regions and municipal cities throughout China. In addition, the Group has also engaged promoters to further facilitate its product promotion and advertising, communication with its customers and monitoring of the activities of its distributors.

As mentioned above, the Group also has a presence in various overseas markets for its products, including the United States, Canada, the European Union, Australia, Southeast Asia and Middle East. The Group has engaged Liuzhou Jianli Import & Export Trading Co., Ltd. (柳州市堅利進出口貿易有限公司) and local distributors to sell its products to overseas markets.

As disclosed in the Company's announcement dated 16 February 2016, the Company has entered into the Framework Agreement on strategic cooperation on 15 February 2016 with Jointown, based on both parties' mutual desire for joint development. Pursuant to the Framework Agreement, the Company shall grant exclusive agency rights to Jointown for the sales and distribution of the Group's certain types of products within mainland of the PRC through Jointown's pharmaceutical distribution network, but such rights shall not include Jointown's right to engage any sub-distributors outside of its distribution network. The term of the Framework Agreement is six years, commencing from 1 January 2016 till 31 December 2021.

Below is a summary of the Group's distribution network. For further details, please refer to the section headed "Business – Distribution Network and Infrastructure" in the Prospectus.

(a) Over-the-counter Medicines

The Group has refined its distribution network for over-the-counter medicines in 2013. Its distributorship system is divided into two groups, namely distributors (directly engaged by the Group) and sub-distributors (directly engaged by its distributors). The distributors are further classified into two categories – the upper category, being reserved for distributors with a stronger distribution performance or capability, enjoys more favourable wholesale pricing and sales rebates than the lower category. The refined distribution network allows the Group to better monitor and incentivize the performance of distributors and sub-distributors and enables it to promote and demote distributors.

The Group's distributors and sub-distributors for its over-the-counter medicines are required under PRC laws to obtain pharmaceutical operation permits and GSP certificates.

(b) Food products

The Group sells its food products only to distributors that have obtained the necessary licences and certificates required for distributing food products in China.

(c) Prescription medicines and medical apparatus

The Group sells its prescription medicines and medical apparatus directly to medical companies that have obtained the necessary licences and certificates required for distributing prescription medicine products in China.

Promoters

As of 31 December 2015, the Group has entered into products promotion cooperation agreements with 11 promoters. The primary reasons for engaging the promoters in certain regions are: (i) their knowledge of local markets and substantial experience in promoting products; and (ii) their familiarity with local municipal level agents and the Group benefits from their facilitation and ongoing feedback of such local markets.

Market Review

In recent years, the PRC's nominal GDP has grown steadily. According to the International Monetary Fund, the nominal GDP of China increased from RMB34,643 billion in 2009 to RMB64,080 billion in 2014. In addition to GDP growth, China is experiencing growth in disposable income. According to the National Bureau of Statistics of China, per capita disposable income of urban residents increased from RMB21,810 in 2011 to RMB31,195 in 2015, while per capita net income of rural residents increased from RMB6,977 in 2011 to RMB11,422 in 2015.

With the growth of China's economy and increase of people's disposable income, as well as the increasing focus on health, the pharmaceutical and lozenge market in China is expected to continue growing rapidly in the foreseeable future.

PRC consumers' health awareness has been increasing year by year which resulted in higher spending on health related products including, amongst others, health food and medicines. Consumers nowadays care more about life quality and health than before, and are getting more familiar with many brands of OTC medicines. In addition, the inconvenience and time needed for seeing doctors due to shortage of medical resources also drives consumers to treat themselves at home by purchasing OTC medicines when they encounter common ailments or chronic diseases.

Future Expansion and Upgrading Plan

For 2016, the Group will continue to strengthen its leading position in the lozenge market and continue to expand its market share in the PRC pharmaceutical and food markets.

The Group have commenced its strategic expansion into new geographic markets such as Qinghai, Jilin and Inner Mongolia through the establishment of its refined distributorship system back in 2013 and will continue both to expand into new markets and also further penetrating its existing markets through the expansion of its sales team to provide more distribution and sales support to its distributors at the pharmacy level.

To further enhance the popularity of its products and awareness of its brand and image in China, the Group will continue to maintain and promote its "Golden Throat (金嗓子)" brand with the goal of establishing it as the leading household brand recognised for effective, safe and curative lozenge products in China. The Group plans to expand and enhance its media marketing and promotion efforts, which historically have been mainly on television networks, by increasingly advertising via internet media that have broader coverage. The Group's dedicated marketing team will continue to work closely with its distributors to design and carry out effective and targeted marketing campaigns and promotional activities.

The Group also intends to increase its production capacity by constructing a new production base to meet the market demand for its Golden Throat Lozenges (OTC). The Group has acquired a new plot of land in Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region for the purpose of constructing a new medicines production and research and development base. The Group has commenced construction in December 2015. After the expansion, the Group expects to have an increase in its annual manufacturing capacity of Golden Throat Lozenges (OTC) representing an increase of approximately 57% of the current capacity.

In addition, the Group plans to convert its current headquarters at No. 28, Yuejin Road, Liuzhou, Guangxi Zhuang Autonomous Region into a food production plant, as well as a food research and development centre, in order to enhance its food business and capture more customers and sales. Its current site in Laibin, Guangxi Zhuang Autonomous Region will be used to establish a Chinese herbs processing base.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2015, the Group's revenue amounted to approximately RMB706.9 million, as compared to RMB606.8 million for the year ended 31 December 2014, representing an increase of approximately RMB100.1 million, or 16.5%. The increase is mainly attributable to the increase in unit price of Golden Throat Lozenges (OTC) and the increase in sales of Golden Throat Lozenges Series Products, which resulted from enhancement of the Group's promotional efforts and distribution network.

For the year ended 31 December 2015, the Group's revenue from sales of Golden Throat Lozenges (OTC) increased to RMB649.1 million, as compared to RMB549.5 million for the year ended 31 December 2014, representing an increase of approximately RMB99.6 million, or 18.1%, primarily because in 2015, the Group increased the unit price of Golden Throat Lozenges (OTC).

For the year ended 31 December 2015, the Group's revenue from sales of Golden Throat Lozenge Series Products increased to RMB39.5 million, as compared to RMB36.7 million for year ended 31 December 2014, representing an increase of approximately RMB2.8 million, or 7.6%, primarily because the Group has strengthened its promotional efforts and distribution network for its Golden Throat Lozenge Series Products.

For the year ended 31 December 2015, the Group's revenue from sales of other products decreased to RMB18.3 million, as compared to RMB20.6 million for the year ended 31 December 2014, representing a decrease of approximately RMB2.3 million, or 11.2%. This was because the sales of isomalt and isomaltulose syrup decreased as a result of the disposal of Weikete in December 2014.

The table below sets forth, for the periods indicated, the sales volume, revenue, cost, gross margin, unit price and unit cost of its key products.

	Year ended 31 December 2015					
	Sales Volume	**Revenue**	**Cost**	**Gross margin**	**Unit price**	**Unit cost**
	boxes'000	***RMB'000***	***RMB'000***	***%***	***RMB***	***RMB***
Golden Throat Lozenges (OTC)	**129,481**	**649,077**	**151,873**	**76.6**	**5.0**	**1.2**
Golden Throat Lozenge Series Products	**9,492**	**39,475**	**19,877**	**49.6**	**4.2**	**2.1**

	Year ended 31 December 2014					
	Sales Volume	Revenue	Cost	Gross margin	Unit price	Unit cost
	boxes'000	*RMB'000*	*RMB'000*	*%*	*RMB*	*RMB*
Golden Throat Lozenges (OTC)	127,032	549,501	141,010	74.3	4.3	1.1
Golden Throat Lozenge Series Products	8,949	36,717	19,604	46.6	4.1	2.2

Cost of Sales

The Group's cost of sales consists primarily of cost of packaging materials, labor costs, cost of raw materials, depreciation and other costs relating to its production of Golden Throat Lozenges (OTC), Golden Throat Lozenge Series Products and other products.

The Group's cost of sales increased from approximately RMB176.9 million for the year ended 31 December 2014 to approximately RMB184.8 million for the year ended 31 December 2015, which accounted for approximately 26.1% of the Group's total revenue for the same period. The primary driver of the Group's increased cost of sales was the increased sales volumes, packaging costs and labor costs for the year ended 31 December 2015, as compared to the same period for 2014.

The table below sets forth, for the periods indicated, the components of its cost of sales and the components as a percentage of total cost of sales.

	Year ended 31 December 2015		Year ended 31 December 2014	
	RMB'000	***% of total***	*RMB'000*	*% of total*
Packaging materials	**74,236**	**40.2%**	67,588	38.2%
Raw materials	**41,265**	**22.3%**	43,096	24.4%
Labor costs	**53,460**	**28.9%**	51,836	29.2%
Depreciation	**3,954**	**2.2%**	5,781	3.3%
Other costs	**11,903**	**6.4%**	8,592	4.9%
Total	**184,818**	**100%**	176,893	100%

Gross Profit

Gross profit represents the excess of revenue over cost of sales.

For the year ended 31 December 2015, the Group's gross profit increased to RMB522.1 million, as compared to RMB429.9 million for the year ended 31 December 2014, representing an increase of approximately RMB92.2 million, or 21.4%. The increase in the Group's gross profit was broadly in line with its revenue growth. The Group's gross profit margin increased to 73.9% for the year ended 31 December 2015 from 70.8% for the corresponding period of 2014.

Other Income and Gains

The Group's other income and gains mainly comprised government grants, interest income and investment income. For the year ended 31 December 2015, the Group's other income and gains increased to RMB27.3 million, as compared to RMB18.3 million for the year ended 31 December 2014, representing an increase of approximately RMB9.0 million. The increase is mainly due to the increase in the Group's interest income from RMB0.7 million for the year ended 31 December 2014 to RMB9.7 million for the year ended 31 December 2015, as a result of receipt of the IPO Proceeds.

Selling and Distribution Expenses

The Group's selling and distribution expenses primarily consisted of (i) advertising expenses, (ii) promotion expenses, (iii) transportation expenses, (iv) employee benefit expenses, (v) travel and office expenses, (vi) marketing expenses, and (vii) other miscellaneous expenses. For the year ended 31 December 2015, the Group's selling and distribution expenses amounted to approximately RMB255.4 million, as compared to RMB213.3 million for the year ended 31 December 2014, representing an increase of approximately RMB42.1 million, or 19.7%. The increase was mainly due to increased advertising and promotion expenses.

Administrative Expenses

The Group's administrative expenses primarily consisted of (i) salary and welfare expenses for management and administrative personnel, (ii) travel and office expenses, (iii) research and development costs, (iv) depreciation and amortisation costs relating to its office equipment, (v) amortisation of land use rights, (vi) professional services fees incurred for legal, tax and other services, (vii) listing expenses in connection with the Company's listing on the Stock Exchange, and (viii) other miscellaneous expenses. For the year ended 31 December 2015, the Group's administrative expenses amounted to approximately RMB78.4 million, as compared to RMB59.1 million for the year ended 31 December 2014, representing an increase of approximately RMB19.3 million, or 32.7%. The increase was mainly due to listing expense of approximately RMB23.8 million incurred during the year ended 31 December 2015.

Other Expenses

The Group's other expenses primarily consisted of its (i) donations to Golden Throat Football School and for other charity purposes, (ii) impairment of trade and other receivables, (iii) loss on disposal of items of property, plant and equipment, (iv) impairment of assets of a disposal group classified as held for sale relating to the Group's proposed disposal of a 95.6% equity interest of Weikete, and (v) other miscellaneous expenses. For the year ended 31 December 2015, the Group's other expenses amounted to approximately RMB3.1 million, as compared to RMB5.4 million for the year ended 31 December 2014, representing a decrease of approximately RMB2.3 million, or 42.6%. The decrease was mainly because the Group disposed of its 95.6% interest in Weikete in December 2014 which resulted in impairment of assets of a disposal group classified as held for sale, whereas no such impairment occurred in 2015.

Finance Costs

For the year ended 31 December 2015, the Group's finance costs amounted to RMB10.1 million, as compared to RMB13.5 million for the year ended 31 December 2014, representing a decrease of approximately RMB3.4 million, or 25.2%. The decrease was mainly due to the decrease in average monthly outstanding bank borrowings during the year ended 31 December 2015 as compared to the corresponding period of 2014.

Income Tax Expense

For the year ended 31 December 2015, the Group's income tax expense amounted to RMB47.8 million, as compared to RMB35.1 million for the year ended 31 December 2014, representing an increase of RMB12.7 million, or 36.2%. The effective tax rate year ended 31 December 2015 and the corresponding period of 2014 was 23.6% and 22.4%, respectively. The increase in effective tax rate was mainly due to the withholding tax provided for the proposed dividend for the year ended 31 December 2015.

Net Profit

The Group's net profit for the year ended 31 December 2015 was approximately RMB154.6 million, as compared to RMB121.7 million for the year ended 31 December 2014, representing an increase of approximately RMB32.9 million, or 27.0%. The increase in the Group's net profit is broadly in line with its revenue growth.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Net Current Assets

As at 31 December 2015, the Group had net current assets of approximately RMB885.8 million, as compared to RMB23.9 million as at 31 December 2014. The current ratio of the Group increased to approximately 3.8 as at 31 December 2015 from 1.1 as at 31 December 2014. The increase in net current assets was mainly due to the significant increase in cash and cash equivalents from RMB127.2 million for the year ended 31 December 2014 to RMB754.7 million for the year ended 31 December 2015, as a result of the receipt of the IPO Proceeds.

Borrowing and the Pledge of Assets

As at 31 December 2015, the Group had an aggregate interest-bearing bank borrowings of approximately RMB91.7 million, as compared to approximately RMB94.8 million as at 31 December 2014. All the bank borrowings are repayable within one year. The bank borrowings are made up of (i) bank loans and (ii) discounted bills receivable. The decrease in bank borrowings was due to (i) the increase in bank loans from year 2014 to year 2015 by RMB20 million for general corporate purpose and (ii) the decrease in discounted bills receivable from year 2014 to 2015 by RMB23.1 million as a result of the increase in bank loans and receipt of the IPO Proceeds.

All of the Group's bank borrowings for the year ended 31 December 2015 are at fixed interest rates. For details of such borrowings, please refer to Note 13 of the Group's financial statements above.

The Group continues to manage its balance sheet and capital structure with a solid equity base, adequate working capital and credit facilities. The Group has policies governing accounting control, as well as credit and foreign exchange risk and treasury management. The Group has also been paying close attention in asset and liability management, including liquidity risks and currency risks.

Certain of the Group's leasehold lands with an aggregate net carrying value of RMB38.3 million was pledged to secure bank loans as at 31 December 2015, as compared to RMB17.7 million as at 31 December 2014.

Certain of the Group's buildings with an aggregate net carrying value of RMB1.7 million was pledged to secure bank loans as at 31 December 2015, as compared to RMB1.9 million as at 31 December 2014.

The Group's bills receivable of RMB1.7 million was pledged to secure bank loans as at 31 December 2015, as compared to RMB24.9 million as at 31 December 2014. The decrease in the amount of bills receivable pledged to secure bank loans is primarily due to the increase in cash and cash equivalents as a result of receipt of the IPO proceeds.

No time deposits were pledged to secure bank loans as at 31 December 2015, as compared to RMB22.1 million as at 31 December 2014. The decrease in the amount of time deposits pledged to secure bank loans is primarily due to the increase in cash and cash equivalents as a result of receipt of the IPO proceeds.

Gearing Ratio

As at 31 December 2015, the gearing ratio of the Group, which is calculated by dividing total borrowings by total equity, decreased to approximately 9.5% from approximately 103.8% as at 31 December 2014. The decrease was primarily due to the Group's decreased bank borrowings from RMB94.8 million as of 31 December 2014 to RMB91.7 million as of 31 December 2015 and increased total equity from RMB91.4 million as of 31 December 2014 to RMB968.4 million as of 31 December 2015 as a result of receipt of the IPO Proceeds.

Contingent Liabilities

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business. However, the Group believes such contingent liabilities are insignificant. Accordingly, it has not made provision for such contingent liabilities, and it is not anticipated that any material liabilities will arise from such contingent liabilities. For the year ended 31 December 2015, there was no provision made by the Group in respect of legal claims.

Foreign Exchange Risk

The Group's transactions are mainly denominated and settled in RMB. The Group has certain amounts of deposit and available-for-sale investments in HKD, amounting to HK$174.7 million and HK$0.1 million as at 31 December 2015, respectively. Accordingly, the Group has exposure to foreign exchange risk that may arise from fluctuations in the HKD to RMB exchange rate.

During the year ended 31 December 2015, the Group has not used any financial instrument to hedge its foreign exchange risk.

EMPLOYEES AND EMOLUMENTS POLICY

As of 31 December 2015, the Group employed a total of 1,088 full-time employees, as compared to a total of 1,144 full-time employees as of 31 December 2014. The staff costs, including Directors' emoluments but excluding any contributions to pension scheme, were approximately RMB64.7 million for the year ended 31 December 2015 as compared to RMB66.2 million for the corresponding period in 2014. Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employees. In addition to a basic salary, year-end bonuses are offered to those staffs with outstanding performances to attract and retain capable employees of the Group.

SIGNIFICANT INVESTMENTS HELD

During the year ended 31 December 2015, the Group acquired a new plot of land in Luowei Industrial Concentration Area, Liuzhou, Guangxi Zhuang Autonomous Region. Except as disclosed above, the Group did not have any significant investments during the year ended 31 December 2015.

MATERIAL ACQUISITIONS AND DISPOSALS

Please refer to the Prospectus for the material acquisitions and disposals of the Company's subsidiaries, associates and joint ventures in the year ended 31 December 2015.

SUBSEQUENT EVENTS AFTER BALANCE SHEET DATE

1. As mentioned above under the section headed "Distribution Network", the Company entered into the Framework Agreement with Jointown on 15 February 2016.

2. As mentioned above, the Board proposed the payment of a final dividend of HK$0.06 per share for the year ended 31 December 2015 to the shareholders of the Company.

3. On 17 February 2016, the Group established a subsidiary, Guangxi Golden Throat Food Co., Ltd. (廣西金嗓子食品有限公司) with registered capital of RMB2 million.

PROSPECTS

The Group will continue to seek to strengthen its leading position in the lozenge market and continue to expand its market share in the PRC pharmaceutical and food markets. Moreover, it will aim to increase its production capacities, expanding its product portfolio and strengthening its research and development capabilities. It will enhance its food and other pharmaceutical businesses and promote synergies across different product segments, at the same time enhancing its brand recognition through effective and targeted marketing. Furthermore, the Group will continue to expand its distribution network, refining associated infrastructure and leveraging on existing distribution network to market different products.

USE OF NET PROCEEDS FROM LISTING

The IPO Proceeds (including those shares issued pursuant to the partial exercise of the over-allotment option), after deducting underwriting fees and related expenses, amounted to approximately HK$909.6 million, which are intended to be applied in the manner disclosed in the Prospectus. Details of the use of the IPO Proceeds are set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. As at 31 December 2015, there was no change to the intended use of the IPO Proceeds as disclosed in the Prospectus.

As at 31 December 2015, the Group had utilised approximately HK$91.2 million, representing approximately 10% of the IPO Proceeds. Set out below is a summary of the utilisation of the IPO Proceeds:

Use of IPO Proceeds	**Utilised**	
	HK$'000	*% of IPO Proceeds*
Construction in Luowei Industrial Concentration Area	1,325	0.15
Conversion of headquarters	–	–
Market expansion	57,986	6.37
Product development	–	–
Establishment of Chinese herbs processing base	–	–
Refinement and Upgrade of electronic code system	678	0.07
General working capital	31,205	3.43

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK$0.06 per share for the year ended 31 December 2015 to the shareholders of the Company. The final dividend is subject to the approval of shareholders of the Company at the forthcoming annual general meeting and, if approved, will be payable on or before 30 June 2016.

CLOSURE OF REGISTER OF SHAREHOLDERS

The annual general meeting of the Company is scheduled to be held on 24 May 2016. For determining the entitlement to attend and vote at the annual general meeting, the register of shareholders of the Company will be closed from 20 May 2016 to 24 May 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the annual general meeting, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 19 May 2016 the business day before the first day of closure of the register of members.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed on 30 May 2016, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, all transfer of shares of the Company, accompanied by the relevant share certificates, must be lodged with the Company's Hong Kong share registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on 27 May 2016, the business day before the closure of the register of members.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the CG Code as its own code of corporate governance.

The shares of the Company were listed on the Stock Exchange with effect from the Listing Date. Except as disclosed below, the Company has complied with all the applicable code provisions set out in the CG Code since the Listing Date up to 31 December 2015.

Under code provision A.1.8 of the CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors or explain the reason for not doing so. The Board believes that with regular and timely communications among the Directors and the management of the Group, potential claims and legal actions against the Directors can be handled effectively without the need for insurance to be maintained. The Board will regularly review the procedures in handling potential claims and legal actions and take into account the requirements of the Directors and will monitor the need for making such an arrangement.

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. After having made specific enquiry to all Directors, the Company confirmed that all the Directors have complied with the required standard set out in the Model Code from the Listing Date to 31 December 2015.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption of any listed securities of the Company by the Company or any of its subsidiaries from the Listing Date to 31 December 2015.

AUDIT COMMITTEE

The Audit Committee has reviewed together with the Board the accounting principles and policies adopted by the Group, the annual results and the audited consolidated financial statements of the Group for the year ended 31 December 2015. The Audit Committee has also reviewed the effectiveness of the Group's risk management and internal control systems and considers such systems in place to be effective and adequate.

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

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

By order of the Board
Golden Throat Holdings Group Company Limited
JIANG Peizhen
Chairman

Guangxi, the PRC, 30 March 2016

As at the date of this announcement, the Board consists of Ms. JIANG Peizhen as non-executive Director, Mr. ZENG Yong, Mr. HUANG Jianping, Mr. ZENG Kexiong, Mr. LU Xinghong and Mr. HE Jinqiang as executive Directors, and Mr. LI Hua, Mr. ZHU Jierong and Mr. CHENG Yiqun as independent non-executive Directors.