AUSTAR

Austar Lifesciences Limited

奧星生命科技有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6118)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2014

	2014	2013
	RMB'000	*RMB'000*
Revenue	**679,750**	705,153
Gross profit	**228,607**	214,966
Profit before income tax	**87,825**	76,653
Profit attributable to owners of the Company	**65,193**	53,571
Total assets	**869,390**	606,853
Net assets	**549,056**	128,375
Gross profit margin	**33.6%**	30.5%
Net profit margin	**9.6%**	7.6%
Current ratio	**2.6**	1.2
Gearing ratio	**6.4%**	15.6%
Net debt to equity ratio	**Net Cash**	Net Cash
Basic earnings per share *(RMB) (Note 1)*	**0.17**	0.14
Diluted earnings per share *(RMB)*	**0.17**	0.14
Proposed final dividend per share	**HK$0.05**	N/A

Note:

1. The calculation of earnings per share is based on the profit attributable to the owners of the Company for each of the year ended 31 December 2014 and 2013 and the weighted average number of shares during that year.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”, each a “**Director**”) of Austar Lifesciences Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2014 (the “**Year**”), together with the comparative figures for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**For the year ended 31 December 2014** *RMB’000*	For the year ended 31 December 2013 *RMB’000*
Revenue	*3*	**679,750**	705,153
Cost of sales	*7*	**(451,143)**	(490,187)
Gross profit		**228,607**	214,966
Selling and marketing expenses	*7*	**(65,134)**	(72,104)
Administrative expenses	*7*	**(57,278)**	(47,849)
Research and development expenses	*7*	**(23,594)**	(23,897)
Other income	*4*	**2,097**	1,130
Other losses	*6*	**(288)**	(46)
Operating profit		**84,410**	72,200
Interest income	*5*	**1,208**	1,256
Finance expenses	*5*	**(2,017)**	(1,298)
Finance expenses – net		**(809)**	(42)
Share of profit of joint ventures		**4,224**	4,495
Profit before income tax		**87,825**	76,653
Income tax expense	*9*	**(22,632)**	(23,082)
Profit for the year		**65,193**	53,571
Profit attributable to:			
The owners of the Company		**65,193**	53,571
Non-controlling interests		**–**	–

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME *(Continued)*

	Note	**For the year ended 31 December 2014** *RMB'000*	For the year ended 31 December 2013 *RMB'000*
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		**(3,020)**	1,871
Share of other comprehensive income of joint ventures		**(126)**	326
Revaluation of available-for-sale financial assets		–	18
Reclassification to net income of net gains on available-for-sale financial assets		**(18)**	–
Other comprehensive income for the year, net of tax		**(3,164)**	2,215
Total comprehensive income for the year		**62,029**	55,786
Total comprehensive income attributable to:			
Owners of the Company		**62,029**	55,787
Non-controlling interests		–	(1)
		62,029	55,786
Earnings per share for profit attributable to the owners of the Company – basic and diluted ***(RMB)***	*10*	**0.17**	0.14
Dividends	*11*	**(5,989)**	–

CONSOLIDATED BALANCE SHEET

	Note	**As at 31 December 2014** *RMB'000*	As at 31 December 2013 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**38,545**	33,103
Land use rights		**6,100**	6,250
Intangible assets		**1,638**	1,423
Investments in joint ventures		**17,971**	19,706
Available-for-sale financial assets		**60**	60
Deferred income tax assets		**5,668**	8,837
Total non-current assets		**69,982**	69,379
Current assets			
Inventories		**69,113**	74,550
Trade and notes receivables	*13*	**217,492**	201,507
Prepayments and other receivables		**38,882**	32,883
Amounts due from customers for contract work	*12*	**87,128**	59,270
Available-for-sale financial assets		**–**	25,018
Restricted cash		**4,169**	4,534
Cash and cash equivalents		**382,624**	139,712
Total current assets		**799,408**	537,474
Total assets		**869,390**	606,853
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**4,071**	–
Reserves	*16*	**359,645**	2,239
Retained earnings		**185,339**	126,135
		549,055	128,374
Non-controlling interests		**1**	1
Total equity		**549,056**	128,375
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**15,671**	12,279
Total non-current liabilities		**15,671**	12,279
Current liabilities			
Trade and other payables	*14*	**201,601**	369,907
Amounts due to customers for contract work	*12*	**60,077**	55,020
Short-term borrowings	*15*	**35,000**	20,000
Current income tax liabilities		**7,985**	21,272
Total current liabilities		**304,663**	466,199
Total liabilities		**320,334**	478,478
Total equity and liabilities		**869,390**	606,853
Net current assets		**494,745**	71,275
Total assets less current liabilities		**564,727**	140,654

1. GENERAL INFORMATION, REORGANIZATION AND BASIS OF PRESENTATION

(a) General information

The Company was incorporated in the Cayman Islands on 9 January 2014 as an exempted company with limited liability under the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in providing integrated engineering solutions to pharmaceutical manufacturers and research institutes, as well as manufacturing and distribution of pharmaceutical equipment and consumables in the People's Republic of China (the "PRC") (the "Business"). The ultimate holding company of the Company is Standard Fortune Holdings Limited ("SFH"), a company incorporated in the British Virgin Islands (the "BVI") with limited liability and wholly owned by Mr. Ho Kwok Keung, Mars ("Mr. Mars Ho", also the "Controlling Shareholder"), an executive Director and the chief executive officer of the Company (the "Chief Executive Officer").

Ordinary shares of HK$0.01 each in the share capital of the Company (the "Shares") have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 7 November 2014.

In preparation for the initial listing of the Shares on the Stock Exchange, the Company underwent a Group reorganisation (the "Reorganisation"). The following steps were carried out under the Reorganisation:

(1) The Company was incorporated on 9 January 2014 in the Cayman Islands with limited liability. On the same date, (i) the one subscriber Share, allotted and issued as fully paid at par, was transferred to SFH; (ii) 889,999 Shares were allotted and issued to SFH for cash at par; (iii) 10,000 Shares were allotted and issued to Honour Choice Ventures Limited, a company incorporated in the BVI with limited liability and wholly owned by Madam Gu Xun, the spouse of Mr. Mars Ho, for cash at par; and (iv) 100,000 Shares were allotted and issued to True Worth Global Limited, a company incorporated in the BVI with limited liability and wholly owned by Mr. Ho Kin Hung, an executive Director, for cash at par.

(2) On 16 June 2014, the Company subscribed for 100 shares of US$1.00 par value each in Austar Equipment Limited ("Austar BVI"), a company incorporated in the BVI with limited liability, representing 50% of the issued share capital of Austar BVI as enlarged by the subscription of such new shares for cash at par. After completion of the subscription, Austar BVI was owned as to 50% by Austar International Holdings Limited ("AIHL"), a company incorporated in the BVI and controlled by the Controlling Shareholder, and as to 50% by the Company.

(3) On 20 June 2014, Austar BVI repurchased and cancelled all the 100 shares of US$1.00 par value each in Austar BVI held by AIHL, representing 50% of the issued share capital of Austar BVI and the entire equity interest owned by AIHL in Austar BVI, at the consideration of US$100 which was based on the par value of such shares. Upon completion of the share repurchase, the Company became the sole shareholder of Austar BVI.

Immediately prior to and after the Reorganisation, the Business has been held by Austar BVI. The Business is mainly conducted through Austar BVI and its subsidiaries. Pursuant to the Reorganisation, Austar BVI and the Business are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation is merely a reorganisation of the Business with no change in management of such Business and the ultimate owners of the Business remain the same. Accordingly, the consolidated financial information of the companies now comprising the Group is presented using the carrying values of the Business under Austar BVI for all the years presented.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs"). The consolidated financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap.32) for this financial year and the comparative period.

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

Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2014:

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Group's financial statements.

IFRIC 21, 'Levies', sets out the accounting for an obligation to pay a levy if that liability is within the scope of IAS 37 'Provisions'. The interpretation addresses what the obligating event is that gives rise to the payment a levy and when a liability should be recognised.

The Group is not currently subjected to significant levies so the impact on the Group is not material.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2014 are not material to the Group.

(b) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

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

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap.622) (the "Ordinance") come into operation as from the Company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of the Ordinance. The Group is in the process of making an assessment of expected impact of the changes in that Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the Ordinance. So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

3. SEGMENT INFORMATION

The chief operating decision-makers ("CODM") have been identified as the Chief Executive Officer, the vice presidents of the Company and the Directors who review the Group's internal reports in order to assess performance and allocate resources.

The CODM considers the business primarily from a product and service perspective, which mainly includes six reportable operating segments: (1) Liquid and Bioprocess System, (2) Clean Room and Automation Control and Monitoring System, (3) Powder and Solid System, (4) GMP Compliance Service, (5) Life Science Consumables and (6) Distribution and Agency of Pharmaceutical Equipment.

The measurement of results and assets of the operating segments are the same as those described in the summary of significant accounting policies. The CODM evaluates the performance of the reportable segments based on gross profit.

The segment results for the year ended 31 December 2014 are as follows:

	Liquid and Bioprocess System *RMB'000*	Clean Room and Automation Control and Monitoring System *RMB'000*	Powder and Solid System *RMB'000*	GMP Compliance Service *RMB'000*	Life Science Consumables *RMB'000*	Distribution and Agency of Pharmaceutical Equipment *RMB'000*	Total *RMB'000*
Segment revenue and results							
Segment revenue	356,819	166,274	48,406	51,078	68,172	25,154	715,903
Inter-segment revenue	(14,756)	(20,111)	–	(268)	(1,018)	–	(36,153)
Revenue	342,063	146,163	48,406	50,810	67,154	25,154	679,750
Cost of sales	(252,608)	(97,868)	(27,310)	(21,002)	(38,791)	(13,564)	(451,143)
Segment results							
Gross profit	89,455	48,295	21,096	29,808	28,363	11,590	228,607
Other segment items							
Amortisation	525	25	10	10	–	4	574
Depreciation	3,071	2,159	737	771	152	307	7,197
Provision/(reversal) of impairment on trade and other receivables	(3,033)	(80)	(99)	(104)	146	(41)	(3,211)
Impairment provision on inventory	185	11	–	–	26	–	222
Share of profit of joint ventures	2,894	–	–	–	1,330	–	4,224

The segment results for the year ended 31 December 2013 are as follows:

	Liquid and Bioprocess System *RMB'000*	Clean Room and Automation Control and Monitoring System *RMB'000*	Powder and Solid System *RMB'000*	GMP Compliance Service *RMB'000*	Life Science Consumables *RMB'000*	Distribution and Agency of Pharmaceutical Equipment *RMB'000*	Total *RMB'000*
Segment revenue and results							
Segment revenue	391,882	172,510	44,413	47,652	52,765	26,790	736,012
Inter-segment revenue	(10,885)	(19,965)	–	–	(9)	–	(30,859)
Revenue	380,997	152,545	44,413	47,652	52,756	26,790	705,153
Cost of sales	(296,379)	(105,507)	(30,037)	(16,186)	(29,586)	(12,492)	(490,187)
Segment results							
Gross profit	84,618	47,038	14,376	31,466	23,170	14,298	214,966
Other segment items							
Amortisation	360	18	5	5	–	3	391
Depreciation	3,148	1,172	274	691	85	155	5,525
Provision of impairment on trade and other receivables	1,739	988	387	390	362	279	4,145
Impairment provision on inventory	–	91	–	–	27	–	118
Share of profit of joint ventures	3,701	–	–	–	794	–	4,495

A reconciliation of segment gross profit to total profit before income tax is provided as follows:

	For the year ended 31 December 2014 ***RMB'000***	For the year ended 31 December 2013 *RMB'000*
Liquid and Bioprocess System	**89,455**	84,618
Clean Room and Automation Control and Monitoring System	**48,295**	47,038
Powder and Solid System	**21,096**	14,376
GMP Compliance Service	**29,808**	31,466
Life Science Consumables	**28,363**	23,170
Distribution and Agency of Pharmaceutical Equipment	**11,590**	14,298
Total gross profit for reportable segments	**228,607**	214,966
Selling and marketing expenses	**(65,134)**	(72,104)
Administrative expenses	**(57,278)**	(47,849)
Research and development expenses	**(23,594)**	(23,897)
Other income	**2,097**	1,130
Other losses	**(288)**	(46)
Finance expenses – net	**(809)**	(42)
Share of profit from joint ventures	**4,224**	4,495
Profit before income tax	**87,825**	76,653

The segment assets are as follows:

	As at 31 December 2014		As at 31 December 2013	
	Total assets	**Investments accounted for using equity method**	Total assets	Investments accounted for using equity method
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Liquid and Bioprocess System	**277,951**	**14,823**	287,064	17,866
Clean Room and Automation Control and Monitoring System	**90,887**	**–**	99,092	–
Powder and Solid System	**33,230**	**–**	18,785	–
GMP Compliance Service	**32,865**	**–**	19,093	–
Life Science Consumables	**38,046**	**3,148**	26,938	1,840
Distribution and Agency of Pharmaceutical Equipment	**9,518**	**–**	17,561	–
Total segment assets	**482,497**	**17,971**	468,533	19,706
Unallocated				
Deferred income tax assets	**5,668**		8,837	
Headquarter assets	**381,225**		129,483	
Total assets	**869,390**		606,853	

Geographical information

The following tables present information on revenue and certain assets of the Group by geographical regions:

Revenue	**For the year ended 31 December 2014** ***RMB'000***	For the year ended 31 December 2013 *RMB'000*
Mainland China	**620,008**	662,110
Other locations	**59,742**	43,043
	679,750	705,153

	As at 31 December 2014 ***RMB'000***	As at 31 December 2013 *RMB'000*
Non-current assets other than financial instruments and deferred tax assets		
Mainland China	**46,021**	40,776
Other locations	**18,233**	19,706
	64,254	60,482

4. OTHER INCOME

	For the year ended 31 December 2014 *RMB'000*	For the year ended 31 December 2013 *RMB'000*
Government subsidies	**1,657**	1,114
Others	**440**	16
	2,097	1,130

5. FINANCE EXPENSES, NET

	For the year ended 31 December 2014 *RMB'000*	For the year ended 31 December 2013 *RMB'000*
Interest expenses	**(1,875)**	(1,348)
Exchange (losses)/gains	**(142)**	50
Finance expenses	**(2,017)**	(1,298)
Interest income	**1,208**	1,256
	(809)	(42)

6. OTHER LOSSES

	For the year ended 31 December 2014 *RMB'000*	For the year ended 31 December 2013 *RMB'000*
Loss on disposal of property, plant and equipment	**(24)**	(105)
Exchange losses	**(314)**	(26)
Dividends from available-for-sale financial assets	**94**	443
Others	**(44)**	(358)
	(288)	(46)

7. EXPENSES BY NATURE

	For the year ended 31 December 2014 *RMB'000*	For the year ended 31 December 2013 *RMB'000*
Raw materials	**328,871**	387,167
Staff costs, including directors' emoluments	**121,647**	119,701
Depreciation	**7,316**	5,715
Amortisation	**574**	391
Sales tax and surcharges	**7,109**	7,506
Office expenses	**5,607**	3,460
Travel expenses	**35,287**	28,678
Freight and port charges	**8,776**	8,970
Promotion expenses	**7,389**	2,831
Warranty provision	**4,882**	9,314
(Reversal of)/impairment of receivables	**(3,211)**	4,145
Impairment of inventories	**222**	118
Auditor's remuneration	**2,344**	650
Professional fees	**18,000**	6,624
Rental expenses	**9,569**	6,069
On-site subcontract cost	**13,099**	4,302
Other operating expenses	**29,668**	38,396
	597,149	634,037

8. STAFF COSTS, INCLUDING DIRECTORS' EMOLUMENTS

	For the year ended 31 December 2014 *RMB'000*	For the year ended 31 December 2013 *RMB'000*
Salaries and bonuses	**96,402**	101,513
Pension and social obligations	**24,932**	17,906
Other welfare	**313**	282
	121,647	119,701

9. INCOME TAX EXPENSE

	For the year ended 31 December 2014 *RMB'000*	For the year ended 31 December 2013 *RMB'000*
Current income tax expense	**(16,071)**	(18,676)
Deferred income tax expense	**(6,561)**	(4,406)
	(22,632)	(23,082)

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, accordingly, is exempted from local income tax.

The subsidiary incorporated in the BVI under the International Business Companies Acts of the BVI is exempted from local income tax.

The taxation of the Group's subsidiaries in Hong Kong is calculated at 16.5% of the estimated assessable profits for the Year (2013: 16.5%).

Corporate income tax in the PRC is calculated based on the statutory profit or loss of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations, after adjusting certain income and expense items, which are not assessable or deductible for income tax purposes. According to the PRC Corporate Income Tax Law promulgated by the PRC government, the tax rate for the Company's PRC subsidiaries is 25%, except for certain subsidiaries which are taxed at preferential tax rates. 上海奧星製藥技術裝備有限公司 (in English for identification purpose only, Shanghai Austar Pharmaceutical Technology Equipment Co., Ltd ("Shanghai Austar")), 奧星衡迅生命科技(上海)有限公司 (in English for identification purpose only, Austar Hansen Lifesciences (Shanghai) Co., Ltd.("Austar Hansen")) and 奧星製藥裝備(石家莊)有限公司 (in English for identification purpose only, Austar Pharmaceutical Equipment (Shijiazhuang) Co., Ltd. ("Austar SJZ")), each of which an indirectly wholly-owned subsidiary of the Company, is a high and new technology enterprise certified by relevant local Science and Technology Department, Department of Finance and tax authority of the PRC. These entities have applied preferential tax rates of 15% upon fulfilment of certain conditions under the tax ruling. Shanghai Austar and Austar Hansen have applied the preferential tax rate since 2013, application of which is subject to annual approval by local tax authority. Austar SJZ has been applying the preferential tax rate since 2014.

10. EARNINGS PER SHARE

(a) Basic

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

	For the year ended 31 December 2014	For the year ended 31 December 2013
Profit attributable to the owners of the Company *(RMB'000)*	**65,193**	53,571
Weighted average number of ordinary shares in issue *(Thousands)*	**394,424**	375,000
Basic earnings per share *(RMB)*	**0.17**	0.14

The weighted average number of shares for the purpose of basic earnings per share has been retrospectively adjusted for the effects of the 1,000,000 Shares issued upon the incorporation of the Company and the capitalisation issue of 374,000,000 Shares, which are deemed to have been in issue throughout the years ended 31 December 2013 and 31 December 2014. The earnings per share as presented above is calculated using the weighted average number of Shares of 394,424,000 Shares for the year ended 31 December 2014 (2013: 375,000,000 Shares).

(b) Diluted

As the Company had no dilutive ordinary shares for each of the years ended 31 December 2014 and 2013, dilutive earnings per share for the years ended 31 December 2014 and 2013 are the same as basic earnings per share.

11. DIVIDENDS

In July 2014, the Company declared dividend in the aggregate amount of approximately US$0.97 million (equivalent to RMB5,989,000) to its shareholders and such dividend was paid in October 2014.

The proposed final dividend for the Year is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company. The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

12. AMOUNTS DUE TO/(FROM) CUSTOMERS FOR CONTRACT WORK

	As at 31 December 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
Contract cost incurred plus recognised profit less recognised losses	**423,924**	269,610
Less: Progress billings	**(396,873)**	(265,360)
Contract work in progress	**27,051**	4,250
Representing:		
Amounts due from customers for contract work	**87,128**	59,270
Amounts due to customers for contract work	**(60,077)**	(55,020)
	27,051	4,250
Contract revenue recognised as revenue in the year	**422,342**	422,023

13. TRADE AND NOTES RECEIVABLES

	As at 31 December 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
Trade receivables	**203,921**	184,939
Notes receivable	**23,798**	33,412
	227,719	218,351
Less: provision for impairment	**(10,227)**	(16,844)
	217,492	201,507

Notes:

(a) Notes receivable are all bank acceptance with maturity dates within one year.

(b) Ageing analysis of gross trade receivables at the respective balance sheet dates is as follows:

	As at 31 December 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
Within 3 months	**62,795**	97,595
3 to 6 months	**61,023**	24,436
6 months to 1 year	**43,981**	20,466
1 to 2 years	**25,705**	28,350
2 to 3 years	**7,824**	10,132
Over 3 years	**2,593**	3,960
	203,921	184,939

Most of the trade receivables are due within 90 days since issuance of the invoices, except for retention money which would normally be collected one year after the completion of the sales.

14. TRADE AND OTHER PAYABLES

	As at 31 December 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
Trade payables	**116,304**	121,722
Advances from customers	**25,917**	54,240
Payroll and welfare payable	**28,108**	37,903
Taxes other than income taxes payable	**3,616**	48,911
Warranty provision	**6,767**	8,562
Amount due to AIHL	**–**	84,395
Others	**20,889**	14,174
	201,601	369,907

(a) The ageing analysis of trade payables is as follows:

	As at 31 December 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
Within 6 months	**109,832**	118,010
6 months to 1 year	**3,366**	2,704
1 to 2 years	**2,495**	342
2 to 3 years	**73**	316
Over 3 years	**538**	350
	116,304	121,722

(b) As at 31 December 2014 and 2013, the carrying amounts of trade and other payables approximated their fair values due to short maturity.

15. SHORT-TERM BORROWINGS

	As at 31 December 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
Bank borrowings, secured	**35,000**	20,000

As at 31 December 2014, short-term bank borrowings were denominated in RMB and were secured by the Group's buildings and land use rights, bearing interest of 6.30% per annum (2013: 6.30%).

The Group has the following undrawn borrowing facilities:

	As at 31 December 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
Expiring within one year	**10,000**	15,000

16. RESERVES

		As at 31 December 2014 *RMB'000*	As at 31 December 2013 *RMB'000*
Capital surplus	(a)	30,150	(16,411)
Share premium	(b)	314,009	–
Other reserve		–	18
Currency translation difference		15,486	18,632
Total		359,645	2,239

(a) Capital surplus

On 30 April 2014, AIHL, the Group's then parent company, partially waived the outstanding balance of the loan to the Group of HK$58.6 million (equivalent to RMB 46.6 million). The amount is therefore recognised as transaction with owners in equity.

(b) Share premium

	As at 31 December 2014 *RMB'000*
New shares issued under initial public offering	**339,883**
Share issuance cost	**(22,904)**
Capitalisation issue	**(2,970)**
Total	**314,009**

On 7 November 2014, the Company's shares were listed on the Stock Exchange. The total shares issued upon initial public offering including Over–allotment were 137,582,000 shares of HK$ 0.01 each at a price of HK$ 3.12 per share.

17. SUBSEQUENT EVENT

On 24 March 2015, the Board proposed a declaration of dividend at HK$0.05 per share which is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

Market review

Since 2008, the PRC government has undergone healthcare reform to provide an affordable and accessible basic healthcare in the PRC. The implementation of the new rural cooperative medical insurance scheme provided the essential healthcare services to rural residents. With the increase in disposal income and rising living standards of the PRC citizens, the demand for high quality and effective pharmaceutical drugs has been increasing. Biological drugs including vaccine, recombinant protein product and blood products may be considered to have better perspective to treat some kinds of serious diseases and their biocompatibilities are also regarded as having lesser cell toxicity than chemical drugs.

Biopharmaceutical industry has been the fastest growing sector with the U.S. and the European countries taking the core position while Chinese biopharmaceutical industry stands for a small portion. However, Chinese biopharmaceutical industry has played a continuous indispensable role as reputable international pharmaceutical manufacturers continued to make heavy investment in the PRC to set up manufacturing facilities. The Group was committed to target this group of premium customers both in the PRC and the emerging countries by providing quality and comprehensive solutions. Through the modification of the Group's modularization of our products and applications and enhancement of the efficiency and effectiveness of the Group's production process, the Group was able to maintain stable growth and reported an increase of approximately 21.7% in the profit attributable to the owners of the Company for the year ended 31 December 2014.

The production process of biopharmaceutical products are complex and demanded advanced technologies. The production environment has to be operated at the minimal pollutants and containment level. Thus, the clean utility engineering system and services are expected to experience strong growth in the future.

On 24 April 2014, the PRC Government approved changes to the Environment Protection Law of the People's Republic of China (the "Revised Law"). The Revised Law has come into effect on 1 January 2015 and applies to all industries including the pharmaceutical industry. The Revised Law imposes stricter obligations on enterprises regarding clean production, occupational health, as well as pollution prevention and control. Thus, environmental, health and safety ("EHS") control qualification audit may further promote the pharmaceutical manufacturers at our favour to adopt advanced powder containment system, a higher standard of validation and quality control services and life science consumables to protect the safety and health of operators and environment.

In 2011, China Drug and Food Administration (the "CFDA") published the new Good Manufacturing Practice (the "GMP"), in which, sterile pharmaceutical drug products are required to be manufactured under stricter control and regulations. The new rules placed greater emphasis on the use of effective quality management system. Under such circumstances, many pharmaceutical manufacturers in the PRC started to invest to improve manufacturing process and related equipment in order to gain certificates of new GMP. According to the statistics of the CFDA, as at 31 December 2013, only 60.3% (796) of all aseptic pharmaceutical manufacturers obtained new GMP certificates. As GMP qualification needs to be reviewed periodically, it creates a continuous demand for our GMP Compliance Service. With the differences between the PRC GMP standard and that of the U.S. and Europe, the Group believes that there is a huge potential growth in our business segments.

Compared with the GMP of mature markets such as the U.S. and European countries, China's new GMP absorbs the mature markets' advantages and localises certain aspects to adapt to the pharmaceutical industry in the PRC. As there is a gap in standards between the PRC, the U.S. and Europe, there exists potential growth for solutions providers to merge foreign technology and standards with domestic equipment and systems to offer integrated engineering solutions to domestic pharmaceutical manufacturers.

In March 2015, in order to guide and standardise the development and evaluation of biosimilars and promote the sound development of the biomedicine industry, the CFDA has issued the "Technical Guideline for Development and Evaluation of Biosimilars (interim)" (《生物類似藥研發與評價技術指導原則(試行)》), and specified relevant requirements on the application procedure, registration classification, and application documents of biosimilars. With this clearer policy and more precise strategic directions given on biologics drug development and manufacturing, the industry is encouraged to make more investment decisions with high confidence.

According to a commissioned report of Frost & Sullivan issued in 2014, the total market size of the clean utility, process system and service market is expected to increase from RMB59.7 billion in 2014 to RMB123.8 billion in 2019, representing a compound annual growth rate ("CAGR") of 15.7% while the market size of the high-ended clean utility, process system and service market is expected to increase from RMB14.7 billion in 2014 to RMB44.3 billion in 2019, representing a CAGR of 24.7%. Currently, the market is fragmented and only international engineering solution providers and a handful of domestic players are capable to provide complete and tailor-made solutions that meet the standards of the Drug and Food Administration ("FDA") of the U.S., the European Medicines Agency ("EMA") and the World Health Organization ("WHO"). These are categorised as the high-ended players who are serving multinational pharmaceutical manufacturers and large-scale biopharmaceutical manufacturers. Serving such high-end market requires strong R&D capability, advanced technology and heavy investment, which limits the entering of new players.

Business review

The Group is a leading integrated engineering solutions provider targeting reputable pharmaceutical manufacturers and research institutes in the PRC and the emerging countries. The Company's shares have been successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 7 November 2014.

The Group offers high-end integrated engineering solutions for its customers to set up production facilities and also build up a clean environment which are both critical for pharmaceutical production.

The Group's business can be categorised onto six segments, namely, (1) Liquid and Bioprocess System; (2) Clean Room and Automation Control and Monitoring System; (3) Powder and Solid System; (4) GMP Compliance Service; (5) Life Science Consumables; and (6) Distribution and Agency of Pharmaceutical Equipment. The Group's ability to provide comprehensive services and products across these business segments in different stages of a pharmaceutical product lifecycle enables the Group to solidify its working relationships with our customers.

The Group's solutions cover Liquid and Bioprocess System, Clean Room and Automation Control and Monitoring System, Powder and Solid System and GMP Compliance Service to assist its customers in key phases of pharmaceutical product lifecycle from research, development, pilot plant and commercial production to product launch. The Group, together with its joint ventures, also engage in the manufacture, sale and distribution of various types of high-end pharmaceutical equipment and life science consumables.

Leveraging on the know-how, expertise and experience, the Group is capable to provide quality and comprehensive solutions. This has allowed us to serve premium customers in the PRC and the emerging countries with lucrative profit margins. The Group's revenue amounted to RMB679.8 million for the year ended 31 December 2014, representing a slight decrease of 3.6% from RMB705.2 million for the year ended 31 December 2013.

Order-in-take

Set out below is a breakdown of value of the Group's order-in-take (included value-added-tax) ("VAT") by business segment:

	For the year ended 31 December				
	2014		2013		Change
Order-in-take by business segment	*RMB'000*	*%*	*RMB'000*	*%*	*%*
Liquid and Bioprocess System	**429,335**	**52.8%**	370,786	46.1%	15.8%
Clean Room and Automation Control and Monitoring System	**189,992**	**23.4%**	201,454	25.0%	(5.7%)
Powder and Solid System	**38,750**	**4.8%**	62,828	7.8%	(38.3%)
GMP Compliance Service	**42,394**	**5.2%**	69,593	8.7%	(39.1%)
Life Science Consumables	**80,659**	**9.9%**	61,735	7.7%	30.7%
Distribution and Agency of Pharmaceutical Equipment	**31,643**	**3.9%**	37,758	4.7%	(16.2%)
Total	**812,773**	**100.0%**	804,154	100.0%	1.1%

During the Year, the total order-in-take amounted to approximately RMB812.8 million, representing a slight increase of 1.1% from approximately RMB804.2 million for the year ended 31 December 2013, which was mainly attributable to the increase in order-in-take amount of the business segment of Liquid and Bioprocess System and Life Science Consumables but partially offset by the decrease in order-in-take amount of the business segment of Clean Room and Automation Control and Monitoring System, Powder and Solid System and GMP Compliance Services. Although the 2014 order-in-take amounts attained a slight increase as compared with those of 2013, the Group succeeded in improving the overall gross profit margin to 33.6% for the year ended 31 December 2014 from 30.5% for the year ended 31 December 2013. This was mainly because the Group has adopted a combination of measures to strengthen cost control, improve operational efficiency and adjust product portfolios.

Liquid and Bioprocess System

In view of the fast growing biopharmaceutical industry in 2014, the Group focused on acquiring high margin bioprocess system projects. The Group has successfully secured a number of biopharmaceutical projects including monoclonal antibody projects, insulin projects and vaccine projects of reputable domestic and multi-national pharmaceutical manufacturers. The order-in-take amount of the business segment of Liquid and Bioprocess System increased by approximately RMB58.5 million or 15.8% from RMB370.8 million for the year ended 31 December 2013. The Group will continue to place our efforts in pursuit of biopharmaceutical projects.

Clean Room and Automation Control and Monitoring System

During the Year, in response to the keen market competition on low margin clean room enclosure components and system, the Group focused on acquiring high valued-added automation control and monitoring system projects. During the Year, the order-in-take amount of the business segment of Clean Room and Automation Control and Monitoring System decreased by approximately RMB11.5 million or 5.7% to approximately RMB190.0 million from RMB201.5 million for the year ended 31 December 2013.

Powder and Solid System

During the Year, in response to the changing demand and requirements in the markets, the Group was under the process of upgrading and modifying its self-manufactured discharging machines which led to the decrease in the order-in-take amount of the business segment of Powder and Solid System by approximately RMB24.1 million or 38.3% from RMB62.8 million for the year ended 31 December 2013 to RMB38.8 million for the year ended 31 December 2014.

GMP Compliance Service

The Group's GMP Compliance Services are executed by the Group's technical expertise including conducting compliance testing and documentation of the compliance report. Due to the significant growth in 2013, the Group decided to minimise the acceptance of customers' order-in-takes but to provide training to the execution team in order to strengthen the internal execution standard to meet the expanding market demand. During the Year, the Group set up a new business unit focusing on the overseas turnkey projects, providing project design and management services and supports our other business units in securing the projects in the future. As certain team members of the GMP Compliance Services were assigned to the newly established business unit, the order-in-take amount of the business segment of GMP Compliance System decreased by approximately RMB27.2 million or 39.1% from RMB69.6 million for the year ended 31 December 2013 to approximately RMB42.4 million for the year ended 31 December 2014.

Life Science Consumables

During the Year, the Group actively responded to market changes in demand, made adjustments to expand its products portfolio by introducing new product types including the latest pharmaceutical instrument for quality assurance and control use, single use bioprocess system and animal laboratory research products. The order-in-take amount of the business segment of Life Science Consumables increased by approximately RMB18.9 million or 30.7% from RMB61.7 million for the year ended 31 December 2013 to approximately RMB80.6 million for the year ended 31 December 2014. The Group will continue to launch more diversified life science consumables with latest technology to our customers.

Distribution and Agency of Pharmaceutical Equipment

During the Year, the Group continued to focus on the business of integrated engineering solutions especially in the business segment of Liquid and Bioprocess System which led to the decrease in the order-in-take amount of the business segment of Distribution and Agency of Pharmaceutical Equipment by approximately RMB6.2 million or 16.2% from RMB37.8 million for the year ended 31 December 2013 to RMB31.6 million for the year ended 31 December 2014.

Backlogs

Set out below is a breakdown of the Group's closing value of backlogs (excluded VAT) and the corresponding number of contracts by business segment as at 31 December 2014.

	As at 31 December 2014			
Business segment	*Number of Contracts*	*%*	*RMB'000*	*%*
Liquid and Bioprocess System	167	26.8%	173,685	47.3%
Clean Room and Automation Control and Monitoring System	238	38.2%	117,442	32.0%
Powder and Solid System	49	7.9%	16,080	4.4%
GMP Compliance Service	51	8.2%	34,053	9.3%
Distribution and Agency of Pharmaceutical Equipment	118	18.9%	25,676	7.0%
Total	623	100.0%	366,936	100.0%

Our production

The Group's production plants and its joint ventures are strategically located in Shanghai, Shijiazhuang and Beijing. All these locations allow the Group and its joint ventures to enjoy convenient transportation network and proximity to the customers where most of the PRC pharmaceutical manufacturers are located, and a steady supply of both technical and non-technical labour. In light of the high utilisation rate of the Group's existing production facilities in Shijiazhuang and to cope with the Group's expanding business and to capture future opportunities, the Group's Shijiazhuang production centre has been moved to a new premise with floor area of 8,740 square metres. The annual production capacity of SKID, a modular designed frame which is based on plug-and-play concept and integrated equipment and parts into a frame and thus enables the system to be ready to use, and discharging machines have increased from 139 units and 23 units respectively in 2013 to 344 units and 49 units respectively in 2014.

Our research and development

Research and development has always been the Group's top priority and focus in terms of resources allocation, which cemented solid and advanced technological barriers that differentiated the Company among the rest of the players. Utilising the Group's knowledge experience acquisition model, the Group implemented a four-step approach to pursuit technological advancements with an aim to deliver innovative and up-to-date technological solutions to meet customers' requirements and expectations. During the Year, the Group has launched cart for cleaning rust in pharmaceutical water systems and a containment technology for powder transfer systems which complements the Group's existing solution applications. As at 31 December 2014, the Group had obtained 60 registered patents and 24 patent applications was in progress.

Sales and marketing

The Group primarily sells and markets its products in the PRC and exports its products outside of the PRC to overseas, especially the emerging countries. The Group's services and products are mainly sold directly to the customers. The Group currently has sales offices and representative offices throughout the PRC and has also set up overseas offices in Italy and Indonesia. The Group conducts marketing and promotional activities and builds customer relationships through actively participation in domestic and international exhibitions and conventions. During the Year, the Group has been regularly participating in a number of international conferences including the China International Pharmaceutical and Cosmetic Industry Exhibition, the China International Pharmaceutical Machinery Exposition and the CPhI Worldwide Pharma Expo which were held both in the PRC and overseas, where the Group showcased its products with a view to solicit business opportunities and keep abreast with market needs. During the Year, apart from penetrating deeper into the existing markets, the Group has also successfully penetrated into new markets including Xinjiang Province in the PRC as well as Mongolia and Myanmar.

With the collaboration of national and provincial food and drug administrations, the Group also held technology exchange seminars, training sessions and forums, in which domestic and overseas experts were invited to brief the official provincial inspectors in the PRC and the Group's customers on the latest technological and regulatory requirements in the pharmaceutical industry. Information exchange through these seminars allowed the customers to fully understand the global development trend of pharmaceutical industry in terms of latest technology and regulations and how the Group's products meet these new requirements. The Group believes that these seminars promoted industry advancement and created value for the customers, which in turn drove the growth of sales and increasing the amount of orders.

Development of Enterprise Resource Planning System (the "ERP System")

In response to rapid development of the business during the Year, the Group initiated the improvement of the existing ERP System with additional function applications such as customer relations management, human resources management, project management, operation management and financial reporting management in order to improve the Group's operational and management efficiency. It is believed that investment in these additional features will help integrate and streamline the Group's operation performances in coming years.

Prospects

Increase the market share in the PRC and the emerging countries

China

The Group plans to continue focusing in the PRC in the near future. In terms of territory coverage, the Group will place more resources and efforts to enhance the Group's market penetration in the PRC, especially in various provinces where the Group targets to increase its sales and where the Group sees potential growth in the western and northern regions of China. The Group plans to increase its sales force, hire additional staff, place more experienced sales team to cover these areas, so as to implement its marketing plans for developing new and deepening existing relationships with targeted customers in these areas.

Emerging Countries

In light of the anticipated growing demand of the Group's turnkey projects, integrated engineering solutions and supply of pharmaceutical equipment for customers based in the emerging countries, the Group will continue to expand via our offices in Italy and Indonesia. The Group also aims to acquire turnkey projects in the Middle East, Russia and South East Asia through collaboration with local experts.

Improve our service and products offerings

Liquid and Bioprocess System

To capture the expected growth of biopharmaceutical market especially in vaccines and monoclonal antibodies in China, the Group has attached great importance in development of a freeze dryer which is used for drying biological products without destroying their physical structure and biological performance. This newly developed freeze dryer, which has more competitive advanced technologies, is currently under testing stage and is expected to be commercially launched in the third quarter of 2015.

Clean Room and Automation and Monitoring System

Manufacturing Execution System ("MES") with the linkage between enterprise resources system and control systems of equipment can help improve the quality and compliance systems of a pharmaceutical company across the whole pharmaceutical manufacturing process on which pharmaceutical manufacturers have placed increasing concern. With the Group's extensive technical expertise and know-how in the pharmaceutical industry, the Group plans to set up a MES business unit and developed its MES in the hope of capturing this business opportunity.

Powder and Solid System

In response to the strong emphasis on EHS and occupational safety requirements, the Group plans to launch a new model of powder and solid system with better features in order to capture the fast growing formulation technology improvement market of drug delivery systems. In particular, the Group intends to launch more self-manufactured equipment in the Group's complete oral solid dosage system in 2015.

GMP Compliance Service

With a proper mix of foreign and local staff and the ability to offer competitive price and technological advantages, the Group intends to extend its services in the following areas: (i) cold chain consultancy services addressing the improved China's good supply practice (GSP); (ii) operational excellence consultancy services through offering gap analysis and improvement initiatives advice and management tools; (iii) quality management system consultancy services pursuant to Chinese regulators' newly encouraged pharmaceutical quality systems; (iv) registration support services, assisting pharmaceutical manufacturers or research organizations to register their pharmaceutical products with the FDA, the EMA and the WHO; and (v) turnkey projects which provide concept design and detailed design and related mechanical and electrical installation services.

Widen the industry applications of our services and products

In addition to the above, the Group plans to widen the industry applications of its services and products by making modifications in its product lines to cater for manufacturers of Chinese traditional medicine, medical device manufacturers and research institutes focusing on laboratory animal research so as to further diversify the Group's customer base. In the future, the Group intends to focus more on these services and products which the Group considers as having a higher profit margin.

To strengthen our research and development and product design and development capabilities

The Group believes that the success of its service and product offerings depend on its ability to anticipate and respond to trends in technological development and its ability to produce and provide reliable, compatible and quality services and products. The Group will continue to strengthen its research and development, product design and development capabilities by building dedicated facilities and hiring additional full-time research and development personnel.

To expand by opportunistic and strategic acquisition of business and/or companies

Leveraging on the Group's leading position in the PRC market, the Group believes that it is well-positioned to take advantage of the market consolidation in the PRC pharmaceutical industry. The Group intends to seek suitable merger and acquisition targets to further expand the Group's service and product offerings. The Group intends to utilise its office in Italy to assist in searching and exploring joint ventures, technology licensing and acquisition opportunities in Europe and liaising with identified potential partners and target companies.

RESULTS OF OPERATIONS

Revenue

The Group provides its services and products under six business segments, namely, (1) Liquid and Bioprocess System, the major types of which include pharmaceutical water system, and liquid preparation and bioprocess system; (2) Clean Room and Automation Control and Monitoring System, the major types of which include clean room enclosure system, and automation control and monitoring system; (3) Powder and Solid System; (4) GMP Compliance Service; (5) Life Science Consumables; and (6) Distribution and Agency of Pharmaceutical Equipment.

For the Year, the Group's total revenue amounted to approximately RMB679.8 million, representing a decrease of 3.6% over 2013, primarily due to the decrease in revenue from the business segment of Liquid and Bioprocess System which had partially offset the increase in revenue from the business segments of Powder and Solid System, Life Science Consumables and Distribution and Agency of Pharmaceutical Equipment.

The following table sets forth, for the years ended 31 December 2014 and 2013, the breakdown of the Group's revenue by business segment:

	For the year ended 31 December				
	2014		2013		Change
Revenue by business segment	***RMB'000***	*%*	*RMB'000*	*%*	*%*
Liquid and Bioprocess System	**342,063**	**50.3%**	380,997	54.0%	(10.2%)
Clean Room and Automation Control and Monitoring System	**146,163**	**21.5%**	152,545	21.6%	(4.2%)
Powder and Solid System	**48,406**	**7.1%**	44,413	6.3%	9.0%
GMP Compliance Service	**50,810**	**7.5%**	47,652	6.8%	6.6%
Life Science Consumables	**67,154**	**9.9%**	52,756	7.5%	27.3%
Distribution and Agency of Pharmaceutical Equipment	**25,154**	**3.7%**	26,790	3.8%	(6.1%)
Total	**679,750**	**100.0%**	705,153	100.0%	(3.6%)

Liquid and Bioprocess System

The Group's revenue from the business segment of Liquid and Bioprocess System decreased by approximately RMB38.9 million or 10.2% from RMB381.0 million for the year ended 31 December 2013 to approximately RMB342.1 million for the year ended 31 December 2014. The decrease was mainly attributable to (i) management strategies to focus on projects with higher gross profit margin; and (ii) the fact that there was significant growth of revenue particularly in 2013 due to the requirement for the sterile pharmaceutical manufacturers to comply with the new GMP of the PRC by 2013.

Clean Room and Automation Control and Monitoring System

The Group's revenue from the business segment of Clean Room and Automation Control and Monitoring System decreased by approximately RMB6.4 million or 4.2% from RMB152.5 million for the year ended 31 December 2013 to approximately RMB146.1 million for the year ended 31 December 2014. The decrease was mainly due to the decrease in acceptance of clean room enclosure projects with lower profit margin in 2014.

Powder and Sold System

The Group's revenue from the business segment of Powder and Solid System increased by approximately RMB4.0 million or 9.0% from RMB44.4 million for the year ended 31 December 2013 to approximately RMB48.4 million for the year ended 31 December 2014. The increase primarily resulted from the increase in sales of the discharging machines which the Group has newly launched in 2013 which were in line with the increase in order-in-take in 2013.

GMP Compliance Service

The Group's revenue from the business segment of GMP Compliance Service increased by approximately RMB3.2 million or 6.6% from approximately RMB47.7 million for the year ended 31 December 2013 to approximately RMB50.8 million for the year ended 31 December 2014, which was primarily attributable to the increased number of customers who need to comply with overseas standards including the EMA, the FDA and the WHO for the purpose of exporting their pharmaceutical products overseas. These customers continued to demand services from the Group, given the Group's extensive GMP compliance experience in the pharmaceutical industry.

Life Science Consumables

The Group's revenue from the business segment of Life Science Consumables increased by approximately RMB14.4 million or 27.3% from approximately RMB52.8 million for the year ended 31 December 2013 to approximately RMB67.2 million for the year ended 31 December 2014, which was primarily attributable to the increase in the Group's distribution of life science consumables manufactured by 頗爾奧星包裝科技(北京)有限責任公司 (in English for identification purpose only, PALL Austar Packaging Technology (Beijing) Limited Liability Company) ("PALL-AUSTAR WOFE") during the Year. The increase was also driven by the launch of new pharmaceutical instruments which has a wider scope of use in research institutes.

Distribution and Agency of Pharmaceutical Equipment

The Group's revenue from the business segment of Distribution and Agency of Pharmaceutical Equipment remained relatively stable at approximately RMB25.2 million for the year ended 31 December 2014 as compared with approximately RMB26.8 million the year ended 31 December 2013.

The following table sets forth the breakdown of the Group's revenue by geographical regions for the year ended 31 December 2014 and 2013:

	For the year ended 31 December				
	2014		2013		Change
Revenue by business segment	*RMB'000*	*%*	*RMB'000*	*%*	*%*
Mainland China	**620,008**	**91.2%**	662,110	93.9%	(6.4%)
Other locations	**59,742**	**8.8%**	43,043	6.1%	38.8%
Total	**679,750**	**100.0%**	705,153	100.0%	(3.6%)

The Group derived its revenue mainly from the business operations in the Mainland China, which accounted for 91.2% of the total revenue for the year ended 31 December 2014 (2013: 93.9%).

Cost of sales

The Group's cost of sales decreased by approximately RMB39.1 million or 8.7% from approximately RMB490.2 million for the year ended 31 December 2013 to approximately RMB451.1 million for the year ended 31 December 2014. Such decrease was mainly attributable to the decrease in the cost of raw materials of RMB41.3 million from the business segment of Liquid and Bioprocess System primarily resulting from the decrease in the cost of purchase of materials and components as a result of the decrease in the Group's revenue for the year ended 31 December 2014.

Gross profit and gross profit margin

The Group's gross profit rose by approximately RMB13.6 million or 6.3% from approximately RMB215.0 million for the year ended 31 December 2013 to approximately RMB228.6 million for the year ended 31 December 2014. The gross profit margin increased from 30.5% for the year ended 31 December 2013 to 33.6% for the year ended 31 December 2014, which was mainly resulted from the increase in gross profit margin from the business segments of Liquid and Bioprocess System, Clean Room and Automation Control and Monitoring System and Powder and Solid System.

The following table sets forth the breakdown of the Group's gross profit and gross profit margin by business segment for the years indicated:

	For the year ended 31 December					
	2014			2013		
			Gross profit margin			*Gross profit margin*
	RMB'000	*%*	*%*	*RMB'000*	*%*	*%*
Liquid and Bioprocess System	**89,455**	**39.1%**	**26.2%**	84,618	39.4%	22.2%
Clean Room and Automation Control and Monitoring System	**48,295**	**21.1%**	**33.0%**	47,038	21.9%	30.8%
Powder and Solid System	**21,096**	**9.2%**	**43.6%**	14,376	6.7%	32.4%
GMP Compliance Service	**29,808**	**13.1%**	**58.7%**	31,466	14.6%	66.0%
Life Science Consumables	**28,363**	**12.4%**	**42.2%**	23,170	10.8%	43.9%
Distribution and Agency of Pharmaceutical Equipment	**11,590**	**5.1%**	**46.1%**	14,298	6.6%	53.4%
Total	**228,607**	**100.0%**	**33.6%**	214,966	100.0%	30.5%

Liquid and Bioprocess System

The Group's gross profit from the business segment of liquid and Bioprocess System rose by approximately RMB4.8 million or 5.7% from RMB84.6 million for the year ended 31 December 2013 to approximately RMB89.5 million for the year ended 31 December 2014. The gross profit margin from the business segment of Liquid and Bioprocess System increased from 22.2% for the year ended 31 December 2013 to 26.2% for the year ended 31 December 2014 mainly resulted from the Group's strategy to focus on projects with higher profit margin.

Clean Room and Automation Control and Monitoring System

The gross profit from the business segment of Clean Room and Automation Control and Monitoring System increased by approximately RMB1.3 million or 2.7% from RMB47.0 million for the year ended 31 December 2013 to approximately RMB48.3 million for the year ended 31 December 2014. The gross profit margin from the business segment of Clean Room and Automation Control and Monitoring System increased from 30.8% for the year ended 31 December 2013 to 33.0% for the year ended 31 December 2014 mainly resulted from the decrease in acceptance of clean room enclosure projects with lower profit margin in 2014 and the bulk purchase discount offered by the Group's suppliers and the standardisation of certain production procedures which increased efficiency.

Powder and Solid System

The Group's gross profit from the business segment of Powder and Solid System increased by approximately RMB6.7 million or 46.7% from RMB14.4 million for the year ended 31 December 2013 to approximately RMB21.1 million for the year ended 31 December 2014. The gross profit margin from the business segment of Powder and Solid System increased from 32.4% for the year ended 31 December 2013 to 43.6% for the year ended 31 December 2014 mainly resulted from the Group's improved know-how and techniques in the production of discharging machines which led to increased cost efficiency.

GMP Compliance Service

The Group's gross profit from the business segment of GMP Compliance Service decreased by approximately RMB1.7 million or 5.3% from RMB31.5 million for the year ended 31 December 2013 to approximately RMB29.8 million for the year ended 31 December 2014. The gross profit margin from the business segment of GMP Compliance Service decreased from 66.0% for the year ended 31 December 2013 to 58.7% for the year ended 31 December 2014, which was mainly attributable to certain projects undertaken during the Year which carried a relatively lower gross profit margin in view of the launch of products and services in new markets and retaining the long term customers.

Life Science Consumables

The Group's gross profit from the business segment of Life Science Consumables increased by approximately RMB5.2 million or 22.4% from approximately RMB23.2 million for the year ended 31 December 2013 to approximately RMB28.4 million for the year ended 31 December 2014. The gross profit margin from the business segment of Life Science Consumables decreased from 43.9% for the year ended 31 December 2013 to 42.2% for the year ended 31 December 2014. Such decrease was mainly attributable to the increase in our distribution of life science consumables manufactured by PALL-AUSTAR WFOE for the year ended 31 December 2014 which had a relatively lower gross profit margin and launch of new pharmaceutical instruments with lower gross profit margin.

Distribution and Agency of Pharmaceutical Equipment

The Group's gross profit from the business segment of Distribution and Agency of Pharmaceutical Equipment decreased by approximately RMB2.7 million or 18.9% from approximately RMB14.3 million for the year ended 31 December 2013 to approximately RMB11.6 million for the year ended 31 December 2014. The gross profit margin from the business segment of Distribution and Agency of Pharmaceutical Equipment decreased from 53.4% for the year ended 31 December 2013 to 46.1% for the year ended 31 December 2014 mainly due to the decreased in amount of agency service provided for pharmaceutical equipment which had higher gross profit margin.

Other income

Other income increased by approximately RMB1.0 million or 90.9% to approximately RMB2.1 million for the year ended 31 December 2014 from approximately RMB1.1 million for the year ended 31 December 2013, mainly attributable to the increase in the subsidies granted by local government authorities of the PRC in 2014.

Other losses

Other losses increased by approximately RMB242,000 to a loss of approximately RMB288,000 for the year ended 31 December 2014 from approximately RMB46,000 for the year ended 31 December 2013, mainly attributable to the exchange losses incurred related to the Group's sales in foreign currencies during the Year.

Selling and marketing expenses

Selling and marketing expenses decreased by approximately RMB7.0 million or 9.7% to approximately RMB65.1 million for the year ended 31 December 2014 from approximately RMB72.1 million for the year ended 31 December 2013. The decrease was primarily due to:

i. the decrease in the staff costs as a result of the decrease in the provision for bonus related to the level of revenue of the Group during the Year; but such decrease in cost was partially offset by

ii. the increase in promotion expenses of approximately RMB4.8 million during the Year.

Administrative expenses

Administrative expenses increased by approximately RMB9.4 million or 19.7% to approximately RMB57.3 million for the year ended 31 December 2014 from approximately RMB47.8 million for the year ended 31 December 2013. The increase was primarily due to:

i. the increase in staff costs by approximately RMB1.7 million or 7.9%, mainly attributable to increase in the number of management staff; and

ii. the increase in legal and professional fees of approximately RMB13.0 million mainly as a result of the Group's preparation for listing of the shares of the Company on the Stock Exchange during the Year.

Research and development activities

As at 31 December 2014, the Group had 42 research and development personnel which accounted for 4.2% of the Group's total number of employees. The Group cooperated with well-known academic institutions in order to upgrade the Group's technology level. The Group's research and development expenses remained relatively stable at approximately RMB23.6 million for the year ended 31 December 2014, compared with RMB23.9 million for the year ended 31 December 2013.

Finance expenses – net

Finance – net changed from net finance expenses of approximately RMB42,000 for the year ended 31 December 2013 to approximately RMB809,000 for the year ended 31 December 2014, which was mainly due to the increase in interest expenses of approximately RMB719,000 primarily resulting from the increase in average bank borrowings for the year ended 31 December 2014.

Share of profit of joint ventures

The Group's share of profit of joint ventures decreased by approximately RMB271,000, from approximately RMB4.5 million for the year ended 31 December 2013 to RMB4.2 million for the year ended 31 December 2014, which was primarily due to the decrease in profit contribution from STERIS-AUSTAR Pharmaceutical Systems Hong Kong Limited which outweighed the increase in profit contribution from PALL-AUSTAR Lifesciences Limited.

Profit before income tax

The Group's profit before income tax increased by approximately 14.6% from approximately RMB76.7 million for the year ended 31 December 2013 to RMB87.8 million for the year ended 31 December 2014 which was primarily attributable to the factors as described above in this section.

Income tax expense

Income tax expense decreased by RMB450,000 to approximately RMB22.6 million for the year ended 31 December 2014 from RMB23.1 million for the year ended 31 December 2013 and the Group's effective income tax rate decreased from 30.1% for the year ended 31 December 2013 to 25.8% for year ended 31 December 2014, mainly due to the decrease in income tax rate of one of the Company's subsidiaries.

Profit for the year

The Group's profit for the year increased by approximately RMB11.6 million or 21.7% to RMB65.2 million for the year ended 31 December 2014 from approximately RMB53.6 million for the year ended 31 December 2013. The net profit margin increased from 7.6% for the year ended 31 December 2013 to 9.6% for the year ended 31 December 2014, which was primarily attributable to the factors as described above in this section.

LIQUDITY AND FINANCIAL RESOURCES

The following table summarises the Group's consolidated statement of cash flows:

	For the year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Net cash (used in)/generated from operating activities	**(64,401)**	71,407
Net cash generated from/(used in) investing activities	**18,714**	(44,549)
Net cash generated from financing activities	**288,772**	10,254
Net increase in cash and cash equivalents	**243,085**	37,112

For the year ended 31 December 2014, the Group had net cash used in operating activities of approximately RMB64.4 million mainly as a result of the profit before income tax of approximately RMB87.8 million generated in 2014, which was primarily adjusted for:

i. the decrease in trade and other payables of approximately RMB86.2 million mainly due to the payment to suppliers and valued-added-tax;

ii. the increase in the trade and other receivables of approximately RMB21.6 million because certain customers have not settled their contract amount in accordance with the contract terms;

iii. the increase in amounts due from customers for contract work of approximately of RMB27.9 million mainly resulting from the increase in expenditure for our project execution near the end of the year ended 31 December 2014;

iv. income tax paid in the amount of approximately RMB29.4 million; but was partially offset by

v. the decrease in the amount of inventories in the amount of approximately RMB5.2 million.

For the year ended 31 December 2014, the Group had net cash used generated from investing activities approximately RMB18.7 million, which was mainly attributable to:

i. the net disposal of available-for-sale financial assets of approximately RMB35.0 million; and was partially offset by

ii. purchase of property, plant and equipment of approximately RMB11.8 million which consisted of machinery and equipment purchased for various business segment.

For the year ended 31 December 2014, the Group had net cash generated from financing activities approximately RMB288.8 million mainly as a result of:

i. net proceeds of RMB320.0 million received upon the issuance of shares upon the Company's initial public offering; and

ii. repayment of funds of RMB37.8 million to the predecessor parent company.

As at 31 December 2014 and 31 December 2013, the Group had cash and cash equivalents of approximately RMB382.6 million and RMB139.7 million respectively, and balances of pledged bank deposits under the current assets were approximately RMB4.2 million and RMB4.5 million respectively.

Net current assets

The Group's net current assets as at 31 December 2014 had increased by approximately RMB423.5 million, from approximately RMB71.3 million as at 31 December 2013 to RMB494.7 million as at 31 December 2014. The increase was mainly due to the greater increase in the Group's current assets despite the increase in current liabilities.

As at 31 December 2014, the Group's total current assets amounted to approximately RMB799.4 million, which was an increase of approximately RMB261.9 million as compared with approximately RMB537.5 million as at 31 December 2013. The increase was primarily due to:

i. the increase in cash and cash equivalents of approximately RMB242.9 million, mainly resulted from the proceeds from the Company's initial public offering during the Year;

ii. the increase in contract work-in-progress of approximately RMB27.9 million primarily resulting from the increase in the progress for project execution near the financial year end of 2014 as compared to the previous year; but was partially offset by

iii. the decrease in inventory of approximately RMB5.4 million as a result of improved inventory control.

As at 31 December 2014, the Group's total current liabilities amounted to approximately RMB304.7 million, which was a decrease of approximately RMB161.5 million as compared with approximately RMB466.2 million as at 31 December 2013. The decrease was primarily due to:

i. the decrease in trade and other payables of approximately RMB168.3 million mainly due to the payment to suppliers and valued-added-tax;

ii. income tax paid in the amount of approximately RMB29.4 million; but was partially offset by

iii. the increase of bank borrowings of approximately RMB35.0 million mainly for our future business expansion and repayment of bank borrowings of approximately RMB20.0 million during the Year.

Borrowings and gearing ratio

As at 31 December 2014, the total interest-bearing borrowings amounted to approximately RMB35.0 million, an increase of approximately of RMB15.0 million from approximately RMB20.0 million as at 31 December 2013.

The Group's gearing ratio was approximately 6.4% as at 31 December 2014, compared to approximately 15.6% as at 31 December 2013. The ratio is calculated based on the total debts as of the respective dates divided by total equity as of the respective dates and multiplied by 100%.

Pledged assets

As at 31 December 2014, save for pledged bank deposits, the Group had buildings and land use rights of a total carrying amount of approximately RMB10.1 million and RMB6.1 million (2013: approximately RMB10.8 million and RMB6.3 million respectively) which are pledged as security for short-term borrowings with carrying value of RMB35.0 million (2013: RMB20.0 million).

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2014 (2013: Nil).

HUMAN RESOURCES

As at 31 December 2014, the Group had 1,003 full-time employees for, inter alia, research and development, sales and marketing, administration, project management and execution and manufacturing, representing an increase of 11.5% as compared with 847 employees as at 31 December 2013. The employee costs (including the Directors' remuneration) were approximately RMB121.6 million, which was an increase of 1.6% as compared with approximately RMB119.7 million for the year ended 31 December 2013.

Employee costs of the Group increased mainly due to the Group's increase in its number of employees for the purpose of expanding the Group's operational scale and the Group's efforts in ensuring the attractiveness of its employee remuneration packages and granting of performance-based bonuses in accordance with general standards set out in the Group's remuneration policy.

The Group will regularly review its remuneration policies and employee benefits with reference to market practices and performance of individual employees. The remuneration of the employees and the Directors are determined by reference to their responsibilities, professional qualification, industry experience and performance. The emolument policy of the Directors is decided by the remuneration committee of the Board.

The Group has established various welfare plans including the provision of basic pension funds, basic medical insurance, unemployment insurance and other relevant insurance for employees who are employed by the Group pursuant to the PRC rules and regulations and the existing policy requirements of the local government. The Group has also made contributions to statutory mandatory provident fund scheme for its employees in Hong Kong.

CAPITAL COMMITMENTS

The Group did not have any material capital commitments as at 31 December 2014 (2013: Nil).

FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to U.S. dollar. Foreign exchange risk arises from the sales of the Group's products and services to overseas customers who settle payments in foreign currencies and the foreign currencies held by the Group's subsidiaries and offices. The Directors do not consider the foreign exchange rate risks as material to the Group and therefore, did not carry out any financial instruments such as forward foreign currency exchange contracts to hedge such risks.

USE OF NET PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

On 7 November 2014 (the "Listing Date"), the ordinary shares of the Company with a nominal value of HK$0.01 each (the "Shares") were first listed on the Stock Exchange following the completion of its initial public offering (the "IPO"). 125,000,000 Shares were issued at a price of HK$3.12 per Share under the IPO. On 28 November 2014, the over-allotment option was partially exercised by the sole global coordinator of the IPO on behalf of the international underwriters. Under the over-allotment option, an aggregate of 12,582,000 Shares, representing 10.07% of the Shares initially being offered under the IPO before any exercise of the over-allotment option, were allotted and issued by the Company at HK$3.12 per Share. The aggregated net proceeds from the IPO was HK$411.8 million.

As at 31 December 2014, the total net proceeds has been deposited into the banks and such proceeds are intended to be applied in accordance with the proposed application as set out in the section headed "Future Plans and Use of proceeds" in the prospectus of the Company dated 28 October 2014 (the "Prospectus"). As at 31 December 2014, no such proceeds had been used.

As set out in the sections headed "Business – Business strategies – To establish R&D centre and consolidate production workshops – Shijiazhuang R&D and Production Centre" and "Future plans and use of proceeds" in the Prospectus, the Group intended to apply part of the net proceeds of the IPO for the acquisition of the land use rights of a piece of land in Shijiazhuang High-New Technology Industry Development Zone (the "Zone"), Hebei, the PRC and for the construction of new R&D and production centre thereon. The Group was then discussing the terms of acquisition of such land, and no definitive terms of acquisition have been agreed upon and no legally binding agreement has been entered into between the Group and the local government of Shijiazhuang. Due to subsequent change of policy of the local government, the Group was informed by the local government of Shijiazhuang that the land which was subject to discussion between the Group and the local government of Shijiazhuang now becomes unavailable. The Group is currently in negotiation with the relevant PRC local government authority to acquire land use right of another piece of land of similar size in the Zone, and the Group's intention to build the Shijiazhuang R&D and Production Centre on such land remains unchanged. The net proceeds from the IPO allocated for such purpose will remain to be held by the Group as such as at the date this announcement.

CORPORATE GOVERNANCE PRACTICE

The Company recognises the importance of good corporate governance in management and internal control procedures so as to achieve accountability. The Company has adopted a code of corporate governance, containing the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "Corporate Governance Code").

Save for the deviation stated in relation to the chairman of the Board and Chief Executive Officer being the same individual and the meeting between the chairman of the Board and the independent non-executive Directors as described below, the Board considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the Corporate Governance Code during the period under review (i.e. from 7 November 2014, being the Listing Date to 31 December 2014) (the "Period Under Review") and the Directors will use their best endeavours to procure the Company to comply with such code and make disclosure of deviation from such code in accordance with the Listing Rules.

The Company has undertaken to the Stock Exchange that it will comply with certain undertakings in relation to the use of proceeds from the IPO to finance or facilitate, directly or indirectly, activities or business with, or for the benefit of, any countries which are the targets of economic sanctions as administered by the United States Department of Treasury's Office of Foreign Assets Control ("OFAC"), under the laws of other countries and under international law, such as Lebanon and Iran (the "Sanctioned Countries"), and Russia (where certain persons and entities listed on OFAC's Specially Designated Nationals and Blocked Person List are located) or any other government, individual or entity sanctioned by the European Union, the United Nations, the U.S. or Australia, including, without limitation, any government, individual or entity that is the subject of any OFAC-administered sanctions (the "Undertaking").

Subsequent to the IPO, the Company had engaged a firm of international legal counsel, to advise on laws of the Sanctioned Countries in order to enable the Company to comply with the Undertaking given by the Company to the Stock Exchange as contained in the Prospectus.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding its Directors' securities transactions. The Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry, all Directors have confirmed that they have complied with the required standard set out in the Model Code during the Period Under Review.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

During the Period Under Review, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Board has discussed with the Company's management and reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2014.

PROPOSED DIVIDEND

The Board recommended the payment of a final dividend of HK$0.05 (equivalent to approximately RMB0.0396) per Share for the year ended 31 December 2014 to the shareholders of the Company (the "Shareholders") whose names appear on the register of members of the Company on Tuesday, 26 May 2015, being the record date for determining entitlements of the Shareholders to the proposed final dividend. The proposed final dividend is subject to approval by the Shareholders at the forthcoming annual general meeting of the Company (the "AGM") and a resolution will be proposed to the Shareholders for voting at the AGM. If the resolution for the proposed final dividend is duly passed at the AGM, the proposed final dividend will be payable on or about Friday, 26 June 2015.

CLOSURE OF REGISTER OF MEMBERS

The AGM will be held on Friday, 15 May 2015. A notice convening the AGM will be published and despatched to the Shareholders in the manner as required by the Listing Rules in due course. For the purposes of determining the Shareholders who are entitled to attend the AGM, the register of members of the Company will be closed from Wednesday, 13 May 2015 to Friday, 15 May 2015, both days inclusive, during which no transfer of Shares would be registered.

Subject to approval of the Shareholders on the final dividend distribution for the year ended 31 December 2014, for the purposes of determining the Shareholders who are entitled to the final dividend, the register of members of the Company will be closed from Thursday, 21 May 2015 to Tuesday, 26 May 2015 (both dates inclusive) again, during which no transfer of Shares would be registered.

In order to be entitled to attend the AGM and the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 12 May 2015 and 4:30 p.m. on Wednesday, 20 May 2015, respectively.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement will be published on the website of the Stock Exchange (www.hkexnews.hk) and the Company's website (www.austar.com.hk). The annual report of the Company for the year ended 31 December 2014 containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Company would like to take this opportunity to thank all our valued shareholders and various stakeholders for their continuous support. Also, the Company would like to express its appreciation to all the staff for their efforts and commitments to the Group.

On behalf of the Board
Austar Lifesicences Limited
Ho Kwok Keung, Mars
Chairman and Chief Executive Officer

Hong Kong, 24 March 2015

As at the date of this announcement, the executive Directors are Mr. Ho Kwok Keung, Mars, Mr. Ho Kin Hung, Mr. Chen Yuewu and Madam Zhou Ning; the non-executive Directors are Mr. Enzo Barazetti and Madam Ji Lingling; and the independent non-executive Directors are Mr. Cheung Lap Kei, Madam Chiu Hoi Shan and Mr. Raco Ivan Jordanov (alias Racho Jordanov).