CSPC PHARMACEUTICAL GROUP LIMITED
石藥集團有限公司

(Incorporated in Hong Kong under the Companies Ordinance)
(Stock code: 1093)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

- Revenue for the year — HK$9,949 million
- Profit attributable to shareholders for the year — HK$973 million
- Basic earnings per share — HK17.49 cents
- Diluted earnings per share — HK16.54 cents
- Final dividend of HK8 cents per share is recommended

CHAIRMAN'S STATEMENT

Overview

In 2013, China has shown a slowdown in its overall economic growth. In addition, overcapacity and other negative impact brought about by the economic stimulation policies have also emerged. These changes in the external economic environment have led to increasing competition in the pharmaceutical industry. On the other hand, they have also provided opportunities for the Group to develop and transform its business. The Group will continue to actively develop the new drug business, promote product internationalisation and consolidate the competitiveness of its bulk drug business, with the objective of ensuring sustainable growth of the Group.

Building of Professional Sales and Marketing to Accelerate the Group's Transformation

The Group continuously strived to expedite its strategic transformation by enhancing its organisational structure, integrating corporate resources, and devoting resources to the innovative drug business. Building on its existing bulk drug division and finished drug division, the Group has newly established the oncology drug division with a view to actively expand its presence in the oncology drug business.

Furthermore, the Group continued to enhance its sales management and strengthen the academic promotion of new drugs. In order to further expand its coverage in the end-users market, the Group also put concerted efforts in hospital development, academic promotion and marketing of pharmaceutical products.

International Cooperation

Through exchanges and cooperations in research with overseas enterprises, the Group was able to keep abreast of the requirements of and changes in the international pharmaceutical regulations and the market trend. In particular, the Group has set up a specialised research and development team in the United States (the "U.S."). Currently, the first batch of generic drugs of the Group that have obtained approvals under Abbreviated New Drug Application ("ANDA") in the U.S. include "tramadol hydrochloride tablet", "metformin hydrochloride slow-release tablet" and "donepezil hydrochloride tablet".

Research and Development

The Group will continue to invest more resources in research and development. In the coming years, it is expected that a number of innovative drugs will be launched upon receiving relevant production approvals, including rE4 and DBPR108 (Class I new drug, diabetes drug); pinocembrin (Class I new drug, acute stroke drug); levamlodipine maleate atorvastatin calcium tablet (Class I new drug, high blood pressure and lipid drug); baicalein tablet (Class I new drug, viral influenza drug); and SKLB1028 (oncology drug), building a solid foundation for the continuous growth of the Group. As regards product internationalisation, the Group will continue to apply for international registrations in order to expand its sales to the high-end overseas markets and to increase its competitiveness in the domestic market. It is expected that the Group will have 3 to 4 generic drug products receiving ANDA approvals from the U.S. FDA each year starting from 2014.

Outlook

Industry Outlook

With the further ageing of population, progress of national urbanisation and increase in people's income level in China, the demand for pharmaceutical products in China is expected to further increase over the coming decade. It is also expected that government policies will continue to support enterprises with increasing efforts in innovation and increase funding for medical insurance. With the implementation of the new GMP standard, the industry will also be consolidated further. Being a major pharmaceutical enterprise in China, the Group will grasp this opportunity and strive to achieve better development in 2014.

Group's Business Outlook

Innovative Drug Business

The Group will continue to pursue the strategy of expanding and strengthening the innovative drug business. With its increasingly well-developed market network, expanding professional marketing team, and good product efficacy and quality, the innovative drug business is expected to continue to achieve rapid growth in the coming years and increase its contribution to the Group.

Common Generic Drug Business

The Group will continue to conduct in-depth study of China's policies, refine its product portfolio and strengthen its sales team. Coupled with the effective sales channels and strategies, it is expected that the common generic drug business will continue to achieve steady growth in 2014.

Bulk Drug Business

In respect of the bulk drug business, the Group will continue its efforts in technological upgrades and production costs reduction in order to maintain its leading position in the industry. Currently, the Group has received the U.S. FDA approvals for 6 bulk drugs and 5 bulk drug production workshops. The Group will also continue its efforts in high-end quality certification and product quality enhancement. After several years of intense competition, the bulk drug market is showing a steadily upward trend. With the Group's leading position in this industry, the bulk drug business of the Group is expected to achieve improvement in 2014. The Group will also continue to closely monitor changes in the market competition landscape and timely adjust its operating strategies.

CAI Dongchen
Chairman

Hong Kong, 24 March 2014

RESULTS

The Board of Directors of CSPC Pharmaceutical Group Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	**2013**	2012
		HK$'000	*HK$'000*
Revenue	*3*	**9,949,103**	4,146,444
Cost of sales		**(6,816,042)**	(2,341,104)
Gross profit		**3,133,061**	1,805,340
Other income		**211,402**	38,693
Selling and distribution expenses		**(1,300,739)**	(757,297)
Administrative expenses		**(620,291)**	(235,363)
Other expenses		**(243,455)**	(87,797)
Operating profit		**1,179,978**	763,576
Finance costs		**(72,537)**	(60,090)
Share of result of a jointly venture		**(14,045)**	(3,981)
Gain on disposal of subsidiaries		**154,228**	—
Recognition of fair values of financial guarantee contracts issued		—	(5,130)
Amortisation of financial guarantee liabilities		—	18,485
Changes in fair value of convertible bonds		—	(222,739)
Gain on bargain purchase		—	1,810,702
Profit before tax	*4*	**1,247,624**	2,300,823
Income tax expenses	*5*	**(258,324)**	(131,975)
Profit for the year		**989,300**	2,168,848
Other comprehensive income (expense):			
Items that will not be reclassified to profit or loss:			
Exchange differences arising on translation of financial statements to presentation currency		**150,299**	34,658
Share of exchange differences of a joint venture		**(337)**	(94)
Other comprehensive income for the year, net of income tax		**149,962**	34,564
Total comprehensive income for the year		**1,139,262**	2,203,412

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Profit for the year attributable to:			
Owners of the Company		**972,751**	2,162,235
Non-controlling interests		**16,549**	6,613
		989,300	2,168,848
Total comprehensive income attributable to:			
Owners of the Company		**1,120,755**	2,194,755
Non-controlling interests		**18,507**	8,657
		1,139,262	2,203,412
		HK cents	*HK cents*
Earnings per share			
Basic	6	**17.49**	147.78
Diluted	6	**16.54**	52.04

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
Non-current assets			
Property, plant and equipment		**4,961,171**	6,134,372
Prepaid lease payments		**547,754**	536,340
Goodwill		**128,438**	102,716
Other intangible assets		**127,597**	23,146
Interest in a joint venture		**18,038**	32,420
Available-for-sale investment		**1,705**	1,705
Deferred tax assets		**43,071**	58,160
		5,827,774	6,888,859
Current assets			
Inventories		**1,855,188**	2,022,406
Trade and other receivables	*8*	**2,029,961**	2,373,229
Bills receivables	*9*	**982,437**	738,490
Trade receivables due from related companies		**122,137**	88,417
Amounts due from related companies		**—**	14,388
Amount due from a joint venture		**91,519**	63,919
Prepaid lease payments		**16,909**	14,750
Tax recoverable		**226**	16,674
Held for trading investments		**438**	527
Derivative financial instruments		**3,428**	623
Restricted bank deposits		**82,779**	26,452
Bank balances and cash		**1,187,751**	1,449,977
		6,372,773	6,809,852

	Notes	2013 HK$'000	2012 HK$'000
Current liabilities			
Trade and other payables	*10*	**2,257,200**	2,718,093
Bills payables	*11*	**273,397**	730,326
Trade payables due to related companies		**47,607**	544
Trade payables due to a joint venture		**2,007**	5,360
Amounts due to related companies		**475,179**	722,794
Tax liabilities		**77,116**	39,345
Provision for litigation		**45,999**	206,700
Unsecured bank loans		**659,946**	1,816,883
		3,838,451	6,240,045
Net current assets		**2,534,322**	569,807
Total assets less current liabilities		**8,362,096**	7,458,666
Non-current liabilities			
Deferred tax liabilities		**33,117**	47,307
Unsecured bank loans		**680,120**	499,345
Government grants		**52,059**	39,646
Amount due to a related company		**—**	108,623
		765,296	694,921
Net assets		**7,596,800**	6,763,745
Capital and reserves			
Share capital		**558,636**	272,542
Reserves		**6,893,984**	6,314,218
Equity attributable to owners of the Company		**7,452,620**	6,586,760
Non-controlling interests		**144,180**	176,985
Total equity		**7,596,800**	6,763,745

NOTES

1. Basis of Preparation of Consolidated Financial Statements

On 17 June 2012, the Company entered into a sale and purchase agreement with Joyful Horizon Limited (the "Seller"). Pursuant to the sale and purchase agreement, the Company acquired, and the Seller sold 100% of the total issued share capital of Robust Sun Holdings Limited ("Robust Sun"), for a total consideration of HK$8,980,000,000 (the "Acquisition"). The consideration consisted of (i) HK$2,271,744,570.30 by way of allotment and issue of 1,195,655,037 new shares at an issue price of HK$1.9 per share and (ii) HK$6,708,255,429.70 by way of issue of convertible bonds ("Convertible Bonds").

Robust Sun and its subsidiaries (the "Robust Sun Group") is principally engaged in the manufacture and sale of pharmaceutical products.

The Acquisition was completed on 29 October 2012, upon which the Seller received shares representing 43.87% of the enlarged share capital of the Company and Convertible Bonds of the Company which will result in the Seller holding a total of 73.83% (assuming issuance of maximum number of conversion shares) of the enlarged issued share capital of the Company. Furthermore, the Robust Sun Group's relative size (measured in terms of profit of the Robust Sun Group and the Company and its subsidiaries immediately prior to the Acquisition (the "CPG Group") for the year ended 31 December 2011 and valuation of the two groups) was significantly greater than those of the CPG Group immediately prior to the Acquisition. Under Hong Kong Financial Reporting Standard ("HKFRS") 3 "*Business Combinations*", the Acquisition was accounted for as a reverse acquisition. For accounting purpose, the Robust Sun Group was the accounting acquirer and the CPG Group (the accounting acquiree) was deemed to have been acquired by the Robust Sun Group.

The consolidated financial statements for the year ended 31 December 2012 have been prepared as a continuation of the Robust Sun Group. Accordingly, the 2012 full year results of the Robust Sun Group were accounted for in the consolidated financial statements of the Company for the year ended 31 December 2012, while only the results of the CPG Group since completion of the Acquisition on 29 October 2012 were accounted for in such consolidated financial statements of the Company.

In applying the purchase method of accounting to effect a "reverse acquisition" on completion of the Acquisition, a gain on bargain purchase of approximately HK$1,810,702,000 arose on the acquisition of the CPG Group by the Robust Sun Group, which was measured as the excess of the fair value of the identifiable assets, liabilities and contingent liabilities of the CPG Group over deemed cost of the business combination as of the acquisition date."

2. Application of Hong Kong Financial Reporting Standards ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time.

Application of new and revised HKFRSs

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 — 2011 Cycle
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 *Consolidated Financial Statements*, HKFRS 11 *Joint Arrangements*, HKFRS 12 *Disclosure of Interests in Other Entities*, HKAS 27 (as revised in 2011) *Separate Financial Statements* and HKAS 28 (as revised in 2011) *Investments in Associates and Joint Ventures*, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

HKFRS 10 Consolidated Financial Statements

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK(SIC) — Int 12 *Consolidation — Special Purpose Entities*. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 11 Joint Arrangements

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures*, and the guidance contained in a related interpretation, HK(SIC) — Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers*, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements — joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements — jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

As a result of the adoption of HKFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the interest in a jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 *Share-based Payment*, leasing transactions that are within the scope of HKAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

The Directors consider that the application of HKFRS 13 in the current year has had no material effect on the amounts reported and/or disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 *Presentation of Items of Other Comprehensive Income*. Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. Furthermore, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

Except as described above, the application of the other new or revised HKFRSs will have no material impact on the amounts reported and/or disclosures set out in these consolidated financial statements.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 — 2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 — 2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HKFRS 14	Regulatory Deferred Accounts[4]
HK(IFRIC) — Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 July 2014 with early application permitted.
[3] Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
[4] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

Annual Improvements to HKFRSs 2010-2012 Cycle

The *Annual Improvements to HKFRSs 2010-2012 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of ‘vesting condition’ and ‘market condition’; and (ii) add definitions for ‘performance condition’ and ‘service condition’ which were previously included within the definition of ‘vesting condition’. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have ‘similar economic characteristics’; and (ii) clarify that a reconciliation of the total of the reportable segments’ assets to the entity’s assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have no material impact on the consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The *Annual Improvements to HKFRSs 2011-2013 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2011-2013 Cycle* will have no material effect on the consolidated financial statements.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of the HKFRS 9 may have impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 14 Regulatory Deferral Accounts

HKFRS 14 Regulatory Deferral Accounts describes regulatory deferral account balances as amounts of expense or income that would not be recognised as assets or liabilities in accordance with other Standards, but that qualify to be deferred in accordance with this Standard because the amount is included, or is expected to be included, by the rate regulator in establishing the price(s) that an entity can charge to customers for rate-regulated goods or services.

The directors of the Company anticipate that the application of HKFRS 14 will have no effect on the Group's consolidated financial statements.

The directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. Revenue and Segment Information

	2013	2012
	HK$'000	*HK$'000*
Sale of goods	**9,949,103**	4,146,444

The Group's operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the board of directors, being chief operating decision maker ("the CODM"), in order to allocate resources to the segments and to assess their performance.

Information reported to the directors is based upon which the Group is organised. During the year, the Group changes its internal reporting structure to improve operational efficiency and subsequent to this change, the Group's reportable and operating segments for financial reporting purposes are as follows:

(a) Finished drugs

(b) Antibiotics (intermediates and bulk drugs)

(c) Vitamin C (bulk drugs)

(d) Caffeine and others (bulk drugs)

Accordingly, the comparative figures have been restated as a result of the change of segment information presented.

All reportable segments are engaged in the manufacture and sales of pharmaceutical products.

Segment revenues and results

The following is an analysis of the Group's revenue and results by operating and reportable segment.

For the year ended 31 December 2013:

	Finished drugs	Antibiotics	Vitamin C	Caffeine and others	Total	Segments eliminations	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
SEGMENT REVENUE							
External sales	**5,753,847**	**2,446,370**	**1,116,433**	**632,453**	**9,949,103**	**—**	**9,949,103**
Inter-segment sales	**62,766**	**99,108**	**8,347**	**7,053**	**177,274**	**(177,274)**	**—**
TOTAL REVENUE	**5,816,613**	**2,545,478**	**1,124,780**	**639,506**	**10,126,377**	**(177,274)**	**9,949,103**

Inter-segment sales are charged at prevailing market rates.

SEGMENT PROFIT (LOSS)	**1,319,825**	**53,930**	**(135,986)**	**149,206**	**1,386,975**		**1,386,975**
Unallocated income							**7,720**
Unallocated expenses							**(214,717)**
Operating profit							**1,179,978**
Finance costs							**(72,537)**
Share of result of a joint venture							**(14,045)**
Gain on disposal of subsidiaries							**154,228**
Profit before tax							**1,247,624**

For the year ended 31 December 2012 (restated):

	Finished drugs *HK$'000*	Antibiotics *HK$'000*	Vitamin C *HK$'000*	Caffeine and others *HK$'000*	Total *HK$'000*	Segments eliminations *HK$'000*	Consolidated *HK$'000*
SEGMENT REVENUE							
External sales	2,652,487	633,684	167,308	692,965	4,146,444	—	4,146,444
Inter-segment sales	60,510	141,916	247	5,539	208,212	(208,212)	—
TOTAL REVENUE	2,712,997	775,600	167,555	698,504	4,354,656	(208,212)	4,146,444

Inter-segment sales are charged at prevailing market rates.

	Finished drugs *HK$'000*	Antibiotics *HK$'000*	Vitamin C *HK$'000*	Caffeine and others *HK$'000*	Total *HK$'000*	Segments eliminations *HK$'000*	Consolidated *HK$'000*
SEGMENT PROFIT (LOSS)	737,809	(22,542)	(24,140)	90,590	781,717		781,717
Unallocated income							8,679
Unallocated expenses							(26,820)
Operating profit							763,576
Finance costs							(60,090)
Share of result of a joint venture							(3,981)
Recognition of fair values of financial guarantee contracts issued							(5,130)
Amortisation of financial guarantee liabilities							18,485
Change in fair value of convertible bonds							(222,739)
Gain on bargain purchase							1,810,702
Profit before tax							2,300,823

Segment profit (loss) represents the profit earned/loss recognised by each segment without allocation of interest income, finance costs, central administrative expenses, share of result of a joint venture, gain on disposal of subsidiaries, recognition of fair value of financial guarantee contracts issued, amortisation of financial guarantee liabilities, changes in fair value of convertible bonds and gain on bargain purchase. This is the measure reported to the board of directors for the purposes of resource allocation and performance assessment.

During the year, other than segment revenue and segment profit analysis presented by revenue streams were provided to the CODM for performance assessment and resources allocation, segment information about assets and liabilities was no longer regularly provided to the CODM since 2013. Accordingly, the Group has not included total assets and liabilities information as part of segment information as set out in this note.

Geographical information

The following is an analysis of the Group's revenue for the year by geographical market based on geographical location of customers:

	2013	2012
	HK$'000	*HK$'000*
The People's Republic of China (the "PRC") (country of domicile)	**7,099,136**	2,961,753
Other Asian regions	**1,361,914**	381,071
Americas *(Note)*	**664,579**	450,461
Europe	**665,940**	262,753
Others	**157,534**	90,406
	9,949,103	4,146,444

Note: The majority of revenue came from sales of pharmaceutical products in the USA.

The Group's operations are substantially based in the PRC and significantly all non-current assets of the Group are located in the PRC. Therefore, no further analysis of geographical information is presented.

4. **Profit Before Tax**

	2013	2012
	HK$'000	*HK$'000*
Profit before tax has been arrived at after charging (crediting):		
Staff costs, including directors' and chief executive's remuneration:		
Salaries, wages and other benefits	**826,729**	304,195
Contribution to retirement benefit schemes	**99,455**	43,766
Share-based payment expense (included in administrative expenses)	**128,246**	—
Total staff costs	**1,054,430**	347,961
Amortisation of intangible assets (included in cost of sales)	**11,525**	472
Amortisation of prepaid lease payments	**14,277**	5,050
Depreciation of property, plant and equipment	**630,530**	185,795
Total depreciation and amortisation	**656,332**	191,317
Auditor's remuneration *(Note ii)*	**3,700**	4,100
Government grant income	**(139,179)**	(4,559)
Interest income	**(5,994)**	(7,837)
Loss (gain) on disposal/write-off of property, plant and equipment (included in other expenses/other income)	**11,505**	(2,385)
Write down of inventories	**15,000**	—
Net foreign exchange gains	**(17,506)**	(1,525)
Rental expenses	**15,461**	12,364
Research and development expenditure recognised as an expense (included in other expenses)	**212,462**	77,959

Notes:

(i) Cost of inventories recognised as an expense approximated cost of sales as shown in the consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2013 and 2012.

(ii) The auditor's remuneration disclosed above included amount of approximately HK$3,417,000 of the CPG Group prior to the Acquisition which was not included in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2012.

5. Income Tax Expense

	2013	2012
	HK$'000	*HK$'000*
The tax charge comprises:		
Current taxation		
— PRC Enterprise Income Tax ("PRC EIT")	**224,395**	128,319
— PRC withholding tax on dividends distributed by subsidiaries	**49,775**	—
	274,170	128,319
Deferred taxation	**(15,846)**	3,656
	258,324	131,975

The Company and its subsidiaries incorporated in Hong Kong are subject to 16.5% of the estimated assessable profit under Hong Kong Profits Tax.

No Hong Kong Profits Tax has been recognised as the Company and its subsidiaries incorporated in Hong Kong had no assessable income for both years.

The basic tax rate of the Company's PRC subsidiaries is 25% under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation regulation of the EIT law.

Pursuant to the relevant laws and regulations in the PRC, a subsidiary of the Company established before 16 March 2007 is entitled to exemption from PRC Enterprise Income Tax for two years starting from its first profit-making year, followed by a 50% reduction in tax rate for the next three years. The tax relief began in 2008 and ended in 2012.

PRC EIT had been relieved by approximately HK$1,847,000 for the year ended 31 December 2013 (2012: HK$6,265,000) as a result of tax losses brought forward from pervious years.

Certain subsidiaries of the Company are qualified as advanced technology enterprises and have obtained approvals from the relevant tax authorities for the applicable tax rate reduced to 15% for a period of 3 years up to 2014.

Capital gain tax was determined at the applicable PRC withholding tax rate of 10% based on the surplus of sales proceeds from disposal of subsidiaries over investment cost of those disposed subsidiaries according to the relevant tax rule in the PRC.

6. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2013	2012
	HK$'000	*HK$'000*
Earnings		
Earnings for the purpose of basic earnings per share (Profit for the year attributable to owners of the Company)	**972,751**	2,162,235
Effect of dilutive potential ordinary shares:		
Change in fair value of Convertible Bonds	**—**	222,739
Earnings for the purpose of diluted earnings per share	**972,751**	2,384,974

	2013	2012
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,562,186**	1,463,155
Effect of dilutive potential ordinary shares:		
Tranche I Convertible Bonds as if converted	**—**	2,808,107
Tranche II Convertible Bonds as if converted	**317,247**	312,012
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,879,433**	4,583,274

During the year ended 31 December 2012, the weighted average numbers of ordinary shares for the purpose of calculating basic earnings per share have been retrospectively adjusted for the effects of the recapitalisation that occurs in the reverse acquisition as detailed in note 2 and reflect the weighted average number of shares of the Company deemed to be outstanding for the period from 1 January 2012 to the acquisition date of the reverse acquisition based on the exchange ratio established in the Acquisition and the Company's weighted average number of ordinary shares after the completion of the Acquisition on 29 October 2012 up to 31 December 2012.

The Tranche I Convertible Bonds share similar characteristics of ordinary shares of the Company and accordingly treated as outstanding and included in the 2013 calculation of basic earnings per share from the date when all necessary conditions are satisfied (i.e. the downward adjustment depending on the financial performance of the Robust Sun Group for the year ended 31 December 2012 was fixed on 1 January 2013).

The computation of diluted earnings per share in 2013 does not assume the exercise of the Company's share options because the adjusted exercise price of those options was higher than the average market price for shares from the date of grant of the options to end of the reporting period.

7. Dividend

	2013	2012
	HK$'000	*HK$'000*
Dividends recognised as distribution:		
By the Company during the year		
2012 Final, paid — HK10 cents (2012: Nil) per share	**382,542**	—
By the Robust Sun Group prior to the Acquisition *(Note)*	—	301,375
Less: Dividend paid to non-controlling interest	—	(975)
	382,542	300,400

Note: The rates of distribution and the number of shares ranking for distribution are not presented as such information is not meaningful for the purpose of this announcement.

The directors recommend the payment of a final dividend of HK8 cents (2012: HK10 cents) per share in respect of the year ended 31 December 2013. Subject to approval by the shareholders in the forthcoming annual general meeting, the proposed final dividend will be paid on or around 10 June 2014 to shareholders of the Company whose names appear on the register of members of the Company on 28 May 2014.

8. Trade and Other Receivables

	2013	2012
	HK$'000	*HK$'000*
Trade receivables	**1,720,828**	1,856,877
Less: allowance for doubtful debts	**(1,588)**	(1,361)
	1,719,240	1,855,516
Prepayment for purchase of raw material	**126,911**	172,951
Utility deposits	**12,846**	87,837
Other tax recoverable	**62,879**	147,764
Others	**108,085**	109,161
	2,029,961	2,373,229

The Group allows a general credit period of up to 90 days to its trade customers. The following is an aged analysis of trade receivables (net of allowance for doubtful debts) presented based on invoice date at the end of the reporting period which approximated the respective revenue recognition dates:

	2013	2012
	HK$'000	*HK$'000*
0 to 90 days	**1,484,861**	1,563,311
91 to 180 days	**174,391**	244,782
181 to 365 days	**11,377**	44,815
Over 365 days	**48,611**	2,608
	1,719,240	1,855,516

9. Bills Receivables

Bills receivables represent bills on hand. All bills receivables of the Group are with a maturity period of less than 180 days (2012: 180 days) and not yet due at the end of the reporting period, and management considers the default rate is low based on historical information and experience.

10. Trade and Other Payables

	2013	2012
	HK$'000	*HK$'000*
Trade payables	**935,534**	1,171,731
Customer deposits and advance from customers	**280,999**	203,338
Other tax payables	**37,313**	71,602
Consultation fee payable	**764**	15,053
Freight and utilities charges payable	**27,727**	26,599
Construction cost and acquisition of property, plant and equipment payable	**548,376**	753,382
Government grants	**174,745**	167,868
Staff welfare payable	**141,077**	216,535
Selling expense payable	**73,000**	69,924
Others	**37,665**	22,061
	2,257,200	2,718,093

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2013	2012
	HK$'000	*HK$'000*
0 to 90 days	**658,963**	763,369
91 to 180 days	**78,391**	72,837
More than 180 days	**198,180**	335,525
	935,534	1,171,731

The general credit period on purchases of goods is up to 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

11. Bills Payables

All bills payables of the Group are aged within 180 days and not yet due at the end of the reporting period.

MANAGEMENT DISCUSSION AND ANALYSIS

2013 was the first complete year after the Group has achieved successful business transformation with the acquisition of the innovative drug business. Over the past year, the Group implemented innovative strategies with improvements achieved in the aspects of management, research and development and marketing. In particular, the innovative drug business has attained substantial growth. For the year ended 31 December 2013, the Group recorded sales revenue of approximately HK$9,949 million and profit attributable to shareholders of approximately HK$973 million.

Finished Drug Business

Innovative Drug Products

During the year, the innovative drug business of the Group maintained strong growth momentum, with continuous expansion of market share and a stronger presence in the high-end market. Sales revenue of the innovative drug business for the year reached HK$1,921 million, representing a 49% growth over last year.

Following is an overview of the Group's major innovative drug products:

"NBP"

"NBP" series is a Class I new drug in China and is also a patent-protected exclusive product. Its major ingredient is butylphthalide, and the drug is mainly used for the treatment of acute ischemic stroke. Its soft capsule and injection forms were launched in 2005 and 2010, respectively. This product was awarded the State Science and Technology Progress Award (Second Class) in 2009, and the "NBP" brand was honoured as a China's Well-known Trademark in 2013.

"Oulaining"

"Oulaining" series is available in the forms of capsule and lyophilized powder injection. Its major ingredient is oxiracetam, and the drug is mainly used for the treatment of mild to moderate memory and mental impairment resulting from vascular dementia, senile dementia and brain trauma. "Oulaining" lyophilized powder injection is currently an exclusive preparation form in China, and was awarded the Hebei Province Science and Technology Progress Award (First Class) in 2013.

"Xuanning"

"Xuanning" series is available in the forms of tablet and dispersible tablet. Its major ingredient is maleate levamlodipine, and the drug is mainly used for the treatment of hypertension. The product was awarded the State Technological Invention Award (Second Class) in 2013.

“Duomeisu”, “Jinyouli” and “Ailineng”

The oncology new drugs portfolio of the Group is gradually building up its scale, with the existing portfolio including “Duomeisu”, “Jinyouli” and “Ailineng”. “Duomeisu” (Doxorubicin hydrochloride liposome injection) is a new anthracycline used as a first-line chemotherapy drug for the treatment of lymphoma, multiple myeloma, ovarian cancer and breast cancer. “Jinyouli” (PEG-rhG-CSF injection) is the first long-acting growth factor drug in China and is used for the prevention of leucopenia and infection induced by chemotherapy. “Ailineng” (Elemene injection) is a drug mainly used for the treatment of nerve glioma and brain metastases, and adjuvant treatment of malignant pleural and peritoneal effusion. Its unique liquid injection form has obtained patent in China. These products are currently at market introduction phase. In addition, the Group has a number of oncology drugs under research and development, of which “imatinib mesylate tablet” and “bortezomib injection” have already applied for production approval.

Common Generic Drug Products

In 2013, the Group rigorously fought against the unfavourable impact of the policies of restricted use of antibiotics and essential drug tenders. The Group further enhanced its sales strategies for common generic drugs, refined its product portfolio and expanded its sales channels. Both the lower-tier medical market and non-prescription drug market recorded a satisfactory growth and showed a trend of continuous improvement. This business segment is expected to generate stable profit growth for the Group.

Bulk Drug Business

Antibiotics

The antibiotics business has picked up a steady and upward trend subsequent to the previous stage of intense competition in 2013. The Group attained continuous decline in the production costs through technological upgrades, reinforced internal management and energy-saving measures, maintaining its leading position in the industry. In addition, the Group disposed part of its penicillin intermediate and bulk drug business in the first half of 2013 to improve the resource allocation of its antibiotics business. The business achieved a turnaround in 2013 resulting from effective measures taken by the Group and an improving market environment.

Vitamin C

In 2013, overcapacity of vitamin C lingered and competition in the market remained intense. However, after a long period of competition, the market showed signs of differentiation under which some competitors experienced suspended or limited production. Leveraging on its advantages in scale, quality and production costs, the Group continued to maintain its absolute competitiveness in the industry. However, this business still recorded a loss in 2013 due to fierce competition in product prices.

Caffeine and Others

The production cost of this business was lower as compared to that of last year, attributable to continued technological innovations. The Group has also enhanced the product sales structure of this business by reducing the sales of non-major products. Despite a decline in the overall sales revenue compared to last year, the return was improved.

Research and Development

The Group continued to capitalise on its technological advantages in the realm of drug research and development. Currently, the Group has over 170 products under research and development, with a focus on the therapeutic areas of anti-infective, cardio-cerebrovascular, diabetes, neurology and oncology. Among those products, 12 are Class I new drugs and 37 are Class III new drugs.

The Group will continue to increase its resources devoted to research and development as well as registration and approval application. During the year, the Group has obtained 3 ANDA approved drugs. In addition, 7 drugs or raw materials, and 2 supplement products of the Group have obtained production approvals in China. The research and development of a number of Class I new drugs has also achieved phased progress. In addition, 3 Class 1.1 new drugs are expected to apply for clinical trial this year. It is expected that the Group will have 1 to 2 Class I new drugs and 3 to 5 Class III new drugs approved for market launch each year after 2015.

FINANCIAL REVIEW

Liquidity and Financial Position

In 2013, the Group's operating activities continued to generate a healthy level of cash inflow. Debtor turnover period (ratio of the balance of trade receivables to sales, inclusive of value added tax for sales in China) improved to 63 days *(Note)*. Inventory turnover period (ratio of inventory balance to cost of sales) also slightly shortened to 105 days *(Note)*. Current ratio of the Group improved from 1.1 a year earlier to 1.7 as at 31 December 2013. Capital expenditure in relation to the additions of production facilities amounted to HK$491 million for the current year.

The financial position of the Group remained healthy. As at 31 December 2013, total bank balances and cash amounted to HK$1,271 million and total bank borrowings amounted to HK$1,340 million. Of the total bank borrowings, HK$660 million will be repayable within one year and the remaining HK$680 million repayable between two to three years. Net gearing ratio (calculated on the basis of the Group's total bank borrowings net of bank balances and cash over total equity) further decreased to 1%.

43% of the Group's bank borrowings are denominated in Hong Kong dollars, 7% in US dollars and the remaining 50% in Renminbi. The Group's revenue is mainly denominated either in Renminbi or in US dollars. The Group has been monitoring closely the currency movement and will use appropriate hedging arrangements to reduce the foreign exchange risk when considered necessary.

Note: The related figures exclude sales and cost of sales attributable to CSPC Zhongrun Pharmaceutical (Inner Mongolia) Co., Ltd and CSPS Cenway (Tianjin) Pharmaceutical Co., Ltd, which were disposed of during the current year.

Disposal of Subsidiaries

In order to achieve better resource allocation, the Group has disposed of its equity interests in CSPC Zhongrun Pharmaceutical (Inner Mongolia) Co., Ltd and CSPS Cenway (Tianjin) Pharmaceutical Co., Ltd during the year. An aggregate gain of approximately HK$154 million was derived from these disposals.

Contingent Liabilities

The Company and CSPC Weisheng Pharmaceutical (Shijiazhuang) Co. Ltd. ("Weisheng", a wholly owned subsidiary of the Company) are named as, among others, defendants in a number of antitrust complaints filed in the United States of America ("United States"). These complaints alleged that certain manufacturers of vitamin C in the PRC have since at least December 2001 conspired to control prices and volumes of exports of vitamin C to the United States and elsewhere in the world and that as such have been in violation of the federal and state laws of the United States. The plaintiffs brought these cases on behalf of direct purchasers under the federal antitrust laws of the United States and indirect purchasers under various state antirust, unfair trade and consumer protection statutes, seeking damages and other relief.

On 15 March 2013, the Company, Weisheng, the direct purchaser class and injunctive class in the direct purchaser action entered into a settlement agreement. The settlement will resolve all the claims in their entirety and terminate the litigation in the direct purchaser action. The settlement, in the amount of US$22.5 million, is payable in two installments. The first US$20 million has been paid by the Company and Weisheng on 21 April 2013. The remaining US$2.5 million will be paid within 365 days after the court's final approval of the settlement. Plaintiffs' attorney fees and settlement administration fees are to be paid out of the settlement fund. On 16 October 2013, the court granted approval of the settlement and dismissed the Company and Weisheng as to the direct purchaser action.

On 13 November 2013, the Company, Weisheng and the putative indirect purchaser class in the indirect purchaser actions entered into a settlement agreement for US$2.2 million to fully and finally resolve all the claims in the indirect purchaser actions. Plaintiffs' attorney fees and settlement administration fees are to be paid out of the settlement fund. The settlement amount of US$2.2 million has been paid by the Company and Weisheng on 9 January 2014. The court preliminarily approved the settlement on 16 January 2014. In accordance with the court order, the plaintiffs will file a motion for final approval of the settlement by 25 April 2014. The court will hold a final approval hearing on 16 May 2014 to determine if the settlement is fair, reasonable and adequate.

Despite the Company's management believes that the Company and Weisheng are not liable for the claims asserted and that they have good and valid defenses thereto, the Company and Weisheng have nevertheless agreed to the settlements to (i) avoid the risk of an adverse jury verdict and treble damage award against the Company and Weisheng; (ii) avoid further expense, inconvenience, and the distraction of burdensome and protracted appeals in relation to the complaints; (iii) obtain the releases, orders, and judgment contemplated by the settlements; and (iv) put to rest with finality all claims that have been asserted against the Company and Weisheng in the complaints.

Adequate provision for the above settlement amounts have already been made in the Company's consolidated financial statements.

Employees

As at 31 December 2013, the Group had about 10,390 employees. The majority of them are employed in mainland China. The Group will continue to offer competitive remuneration packages, discretionary share options and bonuses to staff based on the performance of the Group and the individual employee.

Results of Robust Sun Holdings Limited and its Subsidiaries (the "Robust Sun Group") for the Year Ended 31 December 2013

For the year ended 31 December 2013, the Robust Sun Group recorded a profit after tax which exceeded HK$800 million. Therefore, no adjustment to the principal amount of the Tranche II Convertible Bonds is required in accordance with the terms of the Convertible Bonds as set out in the circular of the Company dated 27 September 2012.

SUSTAINABLE DEVELOPMENT STRATEGIES

The Group will continue to pursue the development strategies of (i) active development of innovative drug business; (ii) continuation of products internationalization; and (iii) consolidation of leadership in the bulk drug business in order to achieve long-term sustainable growth.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions in the Corporate Governance Code (the "Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") throughout the year ended 31 December 2013 except the deviations from code provisions A.2.1 and C.1.2 as set out below.

Code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Cai Dongchen, the Company's Chairman, has also assumed the role as the chief executive officer of the Company. The Company believes that vesting both roles in Mr. Cai will allow for more effective planning and execution of business strategies. As all major decisions are made in consultation with members of the Board, the Company believes that there is adequate balance of power and authority in place. Code C.1.2 of the Code stipulates that the management should provide all directors with monthly updates. During 2013, there was occasional delay in providing members of the board with the monthly updates. The management has rectified this situation and is committed to fully complying with the code from 2014 onwards.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company has reviewed the Group's annual results for the year ended 31 December 2013 in conjunction with the external auditor.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 15 May 2014 to Tuesday, 20 May 2014, both days inclusive, during which period no transfer of shares Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the annual general meeting to be held on Tuesday, 20 May 2014, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong before 31 March 2014 or at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or after 31 March 2014, for registration not later than 4:30 p.m. on Wednesday, 14 May 2014.

The register of members of the Company will be closed from Tuesday, 27 May 2014 to Wednesday, 28 May 2014, both dates inclusive, during which period no transfer of shares will be effected. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong before 31 March 2014 or at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or after 31 March 2014, for registration not later than 4:30 p.m. on Monday, 26 May 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company.

By order of the Board
CAI Dongchen
Chairman

Hong Kong, 24 March 2014

As at the date of this announcement, the Board comprises Mr. CAI Dongchen, Mr. FENG Zhenying, Mr. CHAK Kin Man, Mr. PAN Weidong, Mr. ZHAO John Huan, Mr. WANG Shunlong, Mr. WANG Huaiyu, Mr. LU Jianmin, Mr. WANG Zhenguo and Mr. WANG Jinxu as executive directors; Mr. LEE Ka Sze, Carmelo as non-executive director; and Mr. HUO Zhenxing, Mr. QI Moujia, Mr. CHAN Siu Keung, Leonard, Mr. WANG Bo and Mr. ZHANG Fawang as independent non-executive directors.