



創美藥業
CHUANGMEI PHARMACEUTICAL

Chuangmei Pharmaceutical Co., Ltd. 2015 Annual Results Briefing



创造健康美好生活

- ◆ This information is authorized by Chuangmei Pharmaceutical Co., Ltd. (the “Company”), and has not been independently verified. This information does not constitute in any judicial jurisdiction area of subscription or sale of any security or the basis of relevant investing decisions.
- ◆ This information does not express or imply any representation or warranty. The accuracy, impartiality and integrity of the information should not be relied on. The company will not be responsible for any loss or damage which depends on the materials of any financial or other information caused by the use of the materials.



創美·CH'MEI

股份简称：创美药业 股份代号：2289.HK

目 录 CONTENTS

- ① Business Overview
- ② Financial Analysis
- ③ Prospect
- ④ QA



創美·CH'MEI

股份简称：创美药业 股份代号：2289.HK

目 录 CONTENTS

- 1 Business Overview
- 2 Financial Analysis
- 3 Prospect
- 4 QA

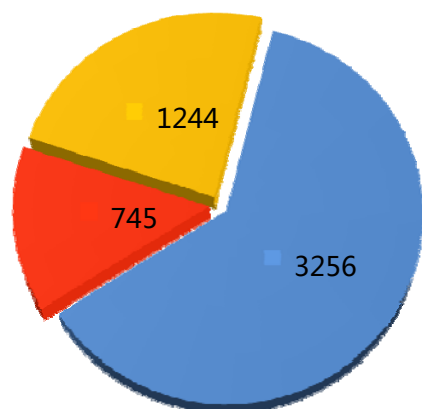
创造健康美好生活

Business Overview

股份简称：创美药业 股份代号：2289.HK

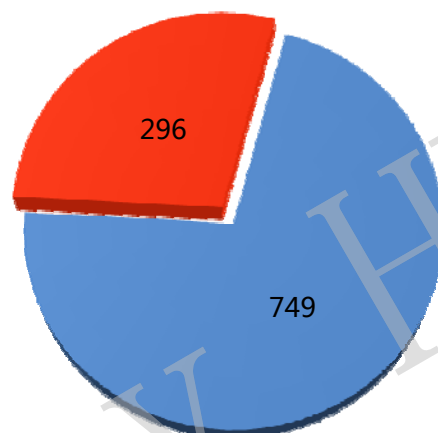
(As of 31 December 2015)

Distribution Network



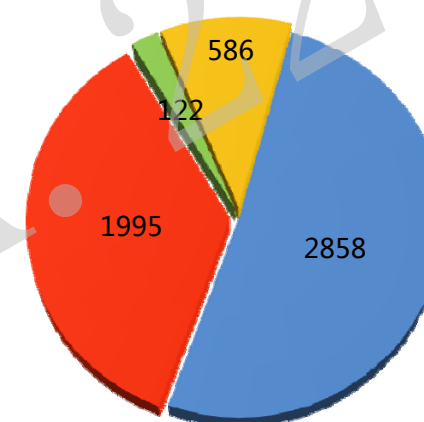
- Retail Pharmacies
- Pharmaceutical Distributors
- Hospitals, clinics and health centres

Suppliers



- Pharmaceutical Manufacturers
- Distributor Suppliers

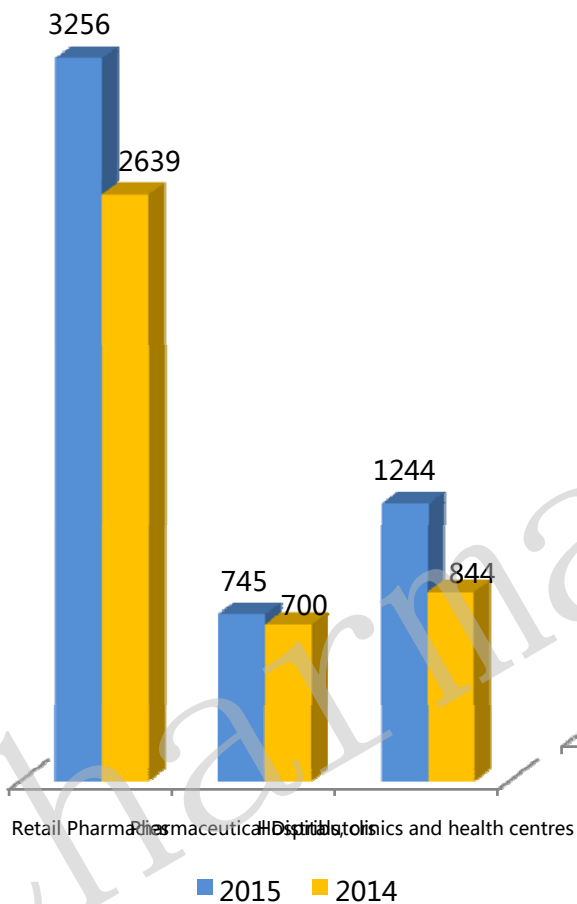
Distribution Products



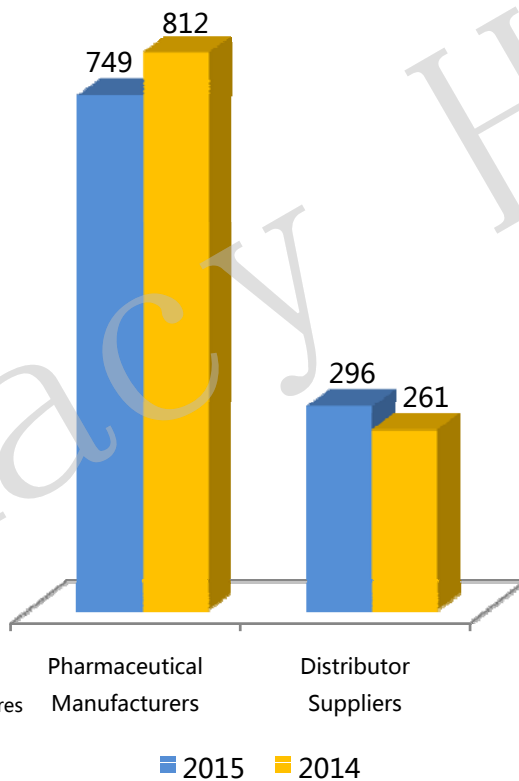
- Western Medicines
- Chinese Pharmaceutical Products
- Health Products
- Others

✓ In 2015, the Company committed to the established operation target, continued to explore the market in Southern China, with a focus on developing the business of retail pharmacy stores, so as to lay the foundation for the operation of our e-commerce platform "Chuangmei e-Medicine" (創美e藥).

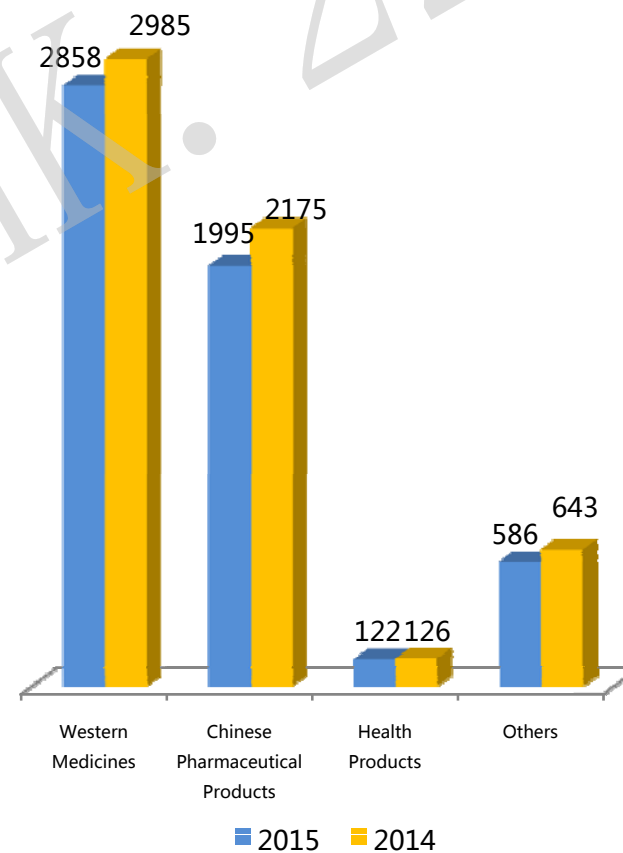
Distribution Network

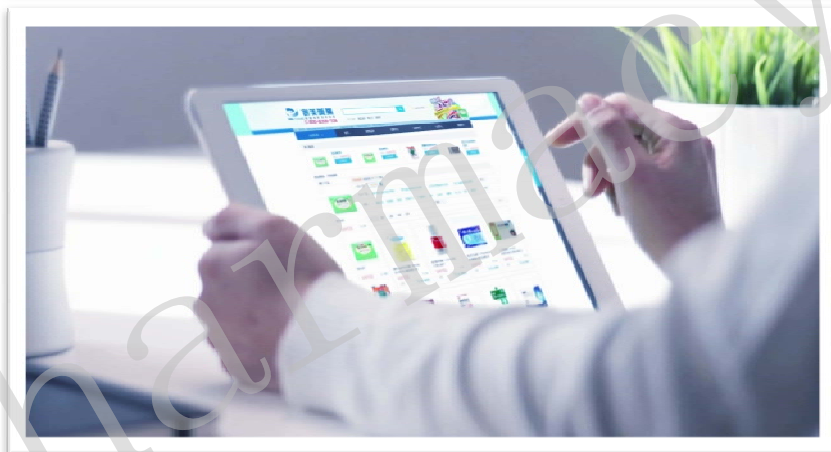


Suppliers



Distribution Products





- ✓ Our B2B e-commerce platform, "Chuangmei e-Medicine" (創美e藥) (<http://www.cmyynet.com/>) were in full operation in December 2015. As at 31 December 2015, our B2B e-commerce platform had about 3,597 registered customers whom are mainly retail pharmacy stores. The turnover in 2015 was around RMB60 million.



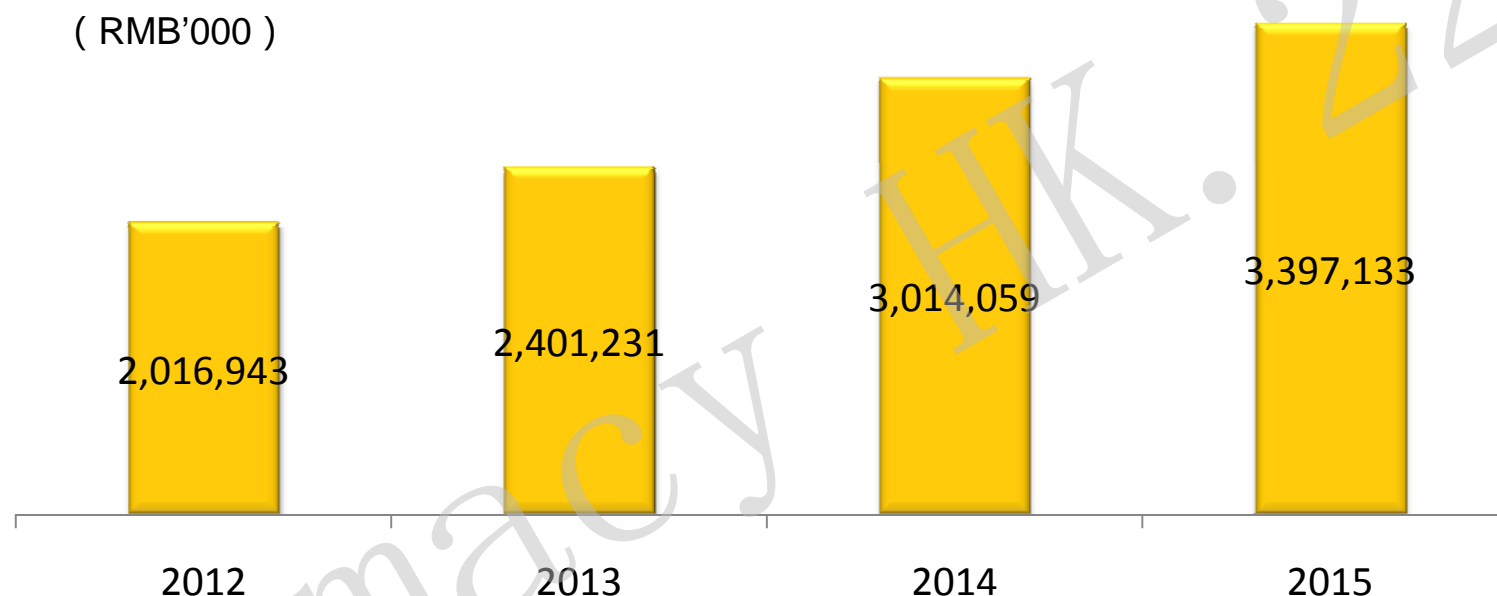
目 录
CONTENTS

- ① Business Overview
- ② **Financial Analysis**
- ③ Prospect
- ④ QA

Results	For the year ended 31 December 2015		
	2015 RMB' 000	2014 RMB' 000	Year on Year
Turnover	3,397,133	3,014,059	12.71%
Gross profit	164,702	136,441	20.71%
Gross profit margin	4.85%	4.53%	0.32%
Total cost	128,641	95,751	34.35%
Cost rate	3.79%	3.18%	0.61%
Net profit	26,359	36,445	-27.67%
Net profit margin	0.78%	1.21%	-0.43%
Basic and diluted earnings per share (RMB cents)	32.30	45.56	-29.10%

(The above data were taken from the annual results announcement for the year ended December 31, 2015)

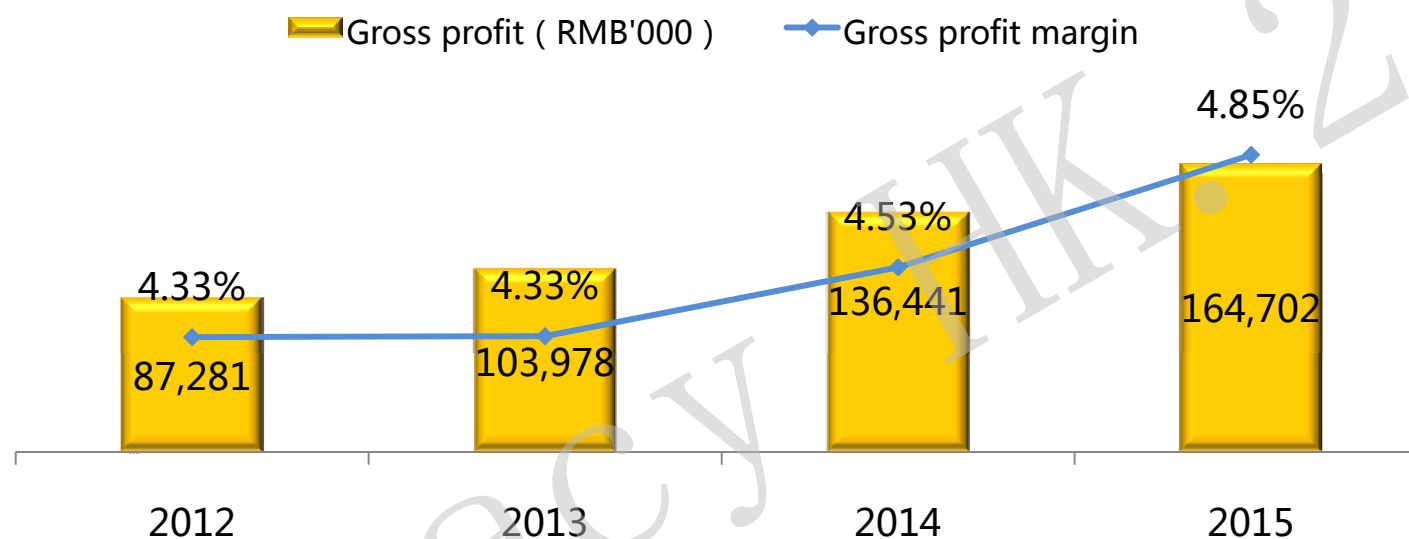
Turnover increased substantially



- ✓ The turnover of the Group in 2015 was RMB3,397.13 million, increased by 12.71% as compared to last year.
- ✓ The increase in the turnover is primarily due to the continuous expansion in the distribution market of Southern China, the increasing product offerings by the Group who acted as Primary Distributor and the substantial increase in the number of customers.

(The data of 2012-2014 were taken from the Company's prospectus as stated on December 2, 2015)

Steady increasing gross profit



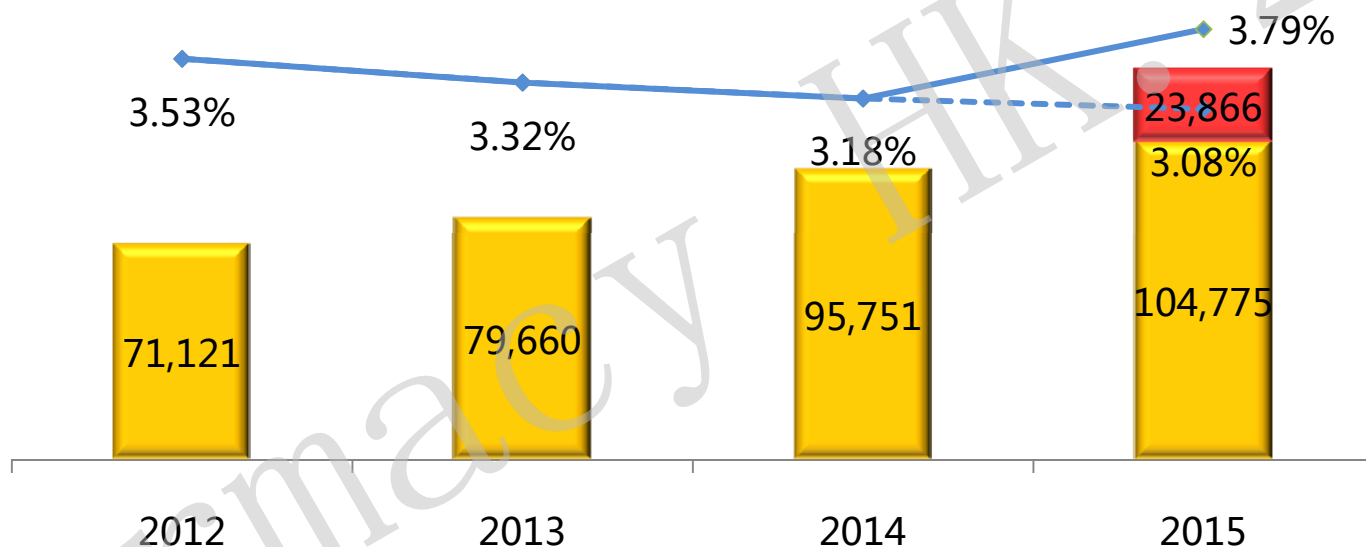
- ✓ The gross profit of the Group increased by 20.71% to RMB164.70 million for the year ended 31 December 2015 from RMB136.44 million for the same period in 2014. The gross profit margin of the Group increased from 4.53% in 2014 to 4.85% in 2015.
- ✓ The increase in the gross profit is primarily due to: the increasing proportion of turnover generated from the sales to retail pharmacies, the elimination of the products with low turnover rate and with low gross profit margin, and the increase in discount received from the suppliers as the product sales by the Group who acted as Primary Distributor.

(The data of 2012-2014 were taken from the Company's prospectus as stated on December 2, 2015)

Relatively stable total Cost and cost rate

(Total cost included selling and distribution expenses, administrative expenses and finance cost)

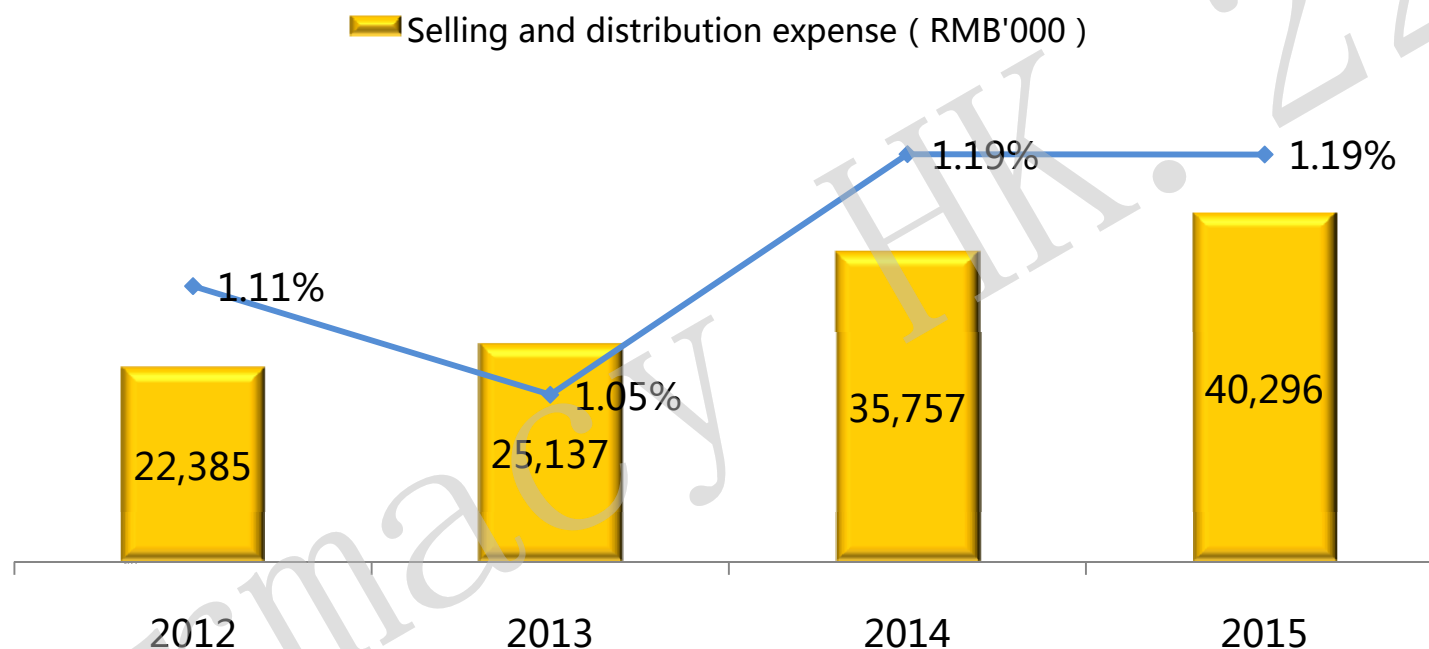
■ Total cost (RMB'000)
 ■ Listing fee
 ◆ Cost rate
 -◆- Cost rate after deduction of listing fee



- ✓ The total cost is 128.64 million and the cost rate was 3.79% in 2015.
- ✓ The cost rate (calculated as the three main costs divided by total turnover) increased over the year due to the inclusion of the listing fees of RMB23.87 million. If listing fees are excluded, the total cost for the year is RMB 104.78 million and the cost rate is 3.08% , representing a downward trend in recent four years.

(The data of 2012-2014 were taken from the Company's prospectus as stated on December 2, 2015)

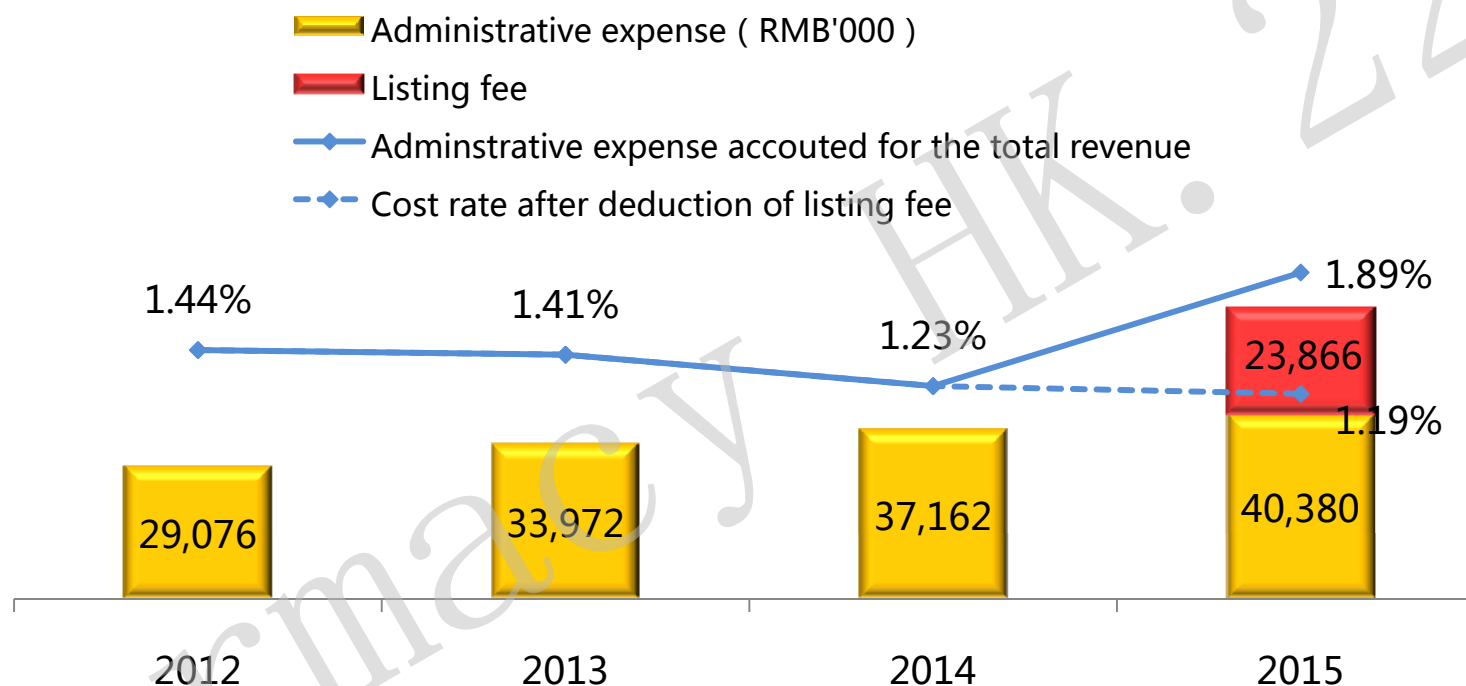
Selling and distribution expense remained flat



- ✓ Selling and distribution cost increased by 12.69% to RMB 40.30 million. (2014 : RMB 35.76 million)
- ✓ The main reason for the increase is because of the increase in marketing costs.

(The data of 2012-2014 were taken from the Company's prospectus as stated on December 2, 2015)

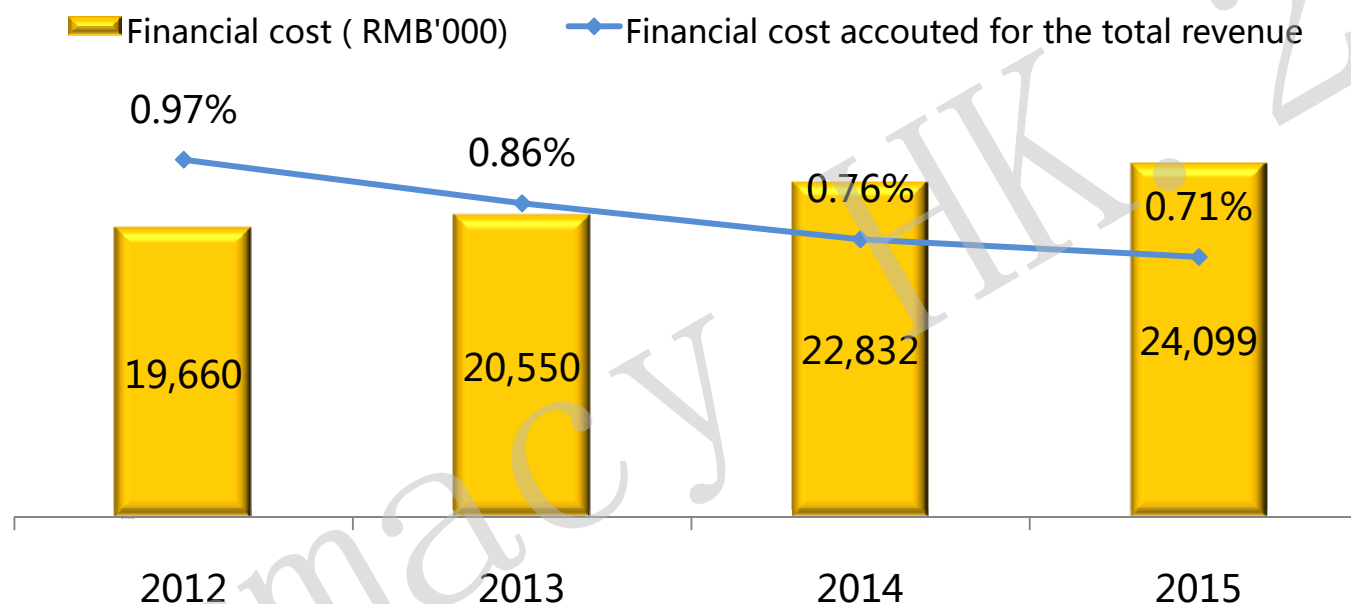
Administrative expense maintained flat



- ✓ Administrative expense increased by 72.88% to RMB 64.25 million. (2014: RMB37.16 million)
- ✓ The main reason is due to the listing fee of RMB 23.87 million. If deduct the listing fee, administrative expense is RMB 3.22 million and the growing rate is 8.66%. The increase in expense is mainly due to the increase in amortization for purchasing Shantou pharmaceutical logistics center.

(The data of 2012-2014 were taken from the Company's prospectus as stated on December 2, 2015)

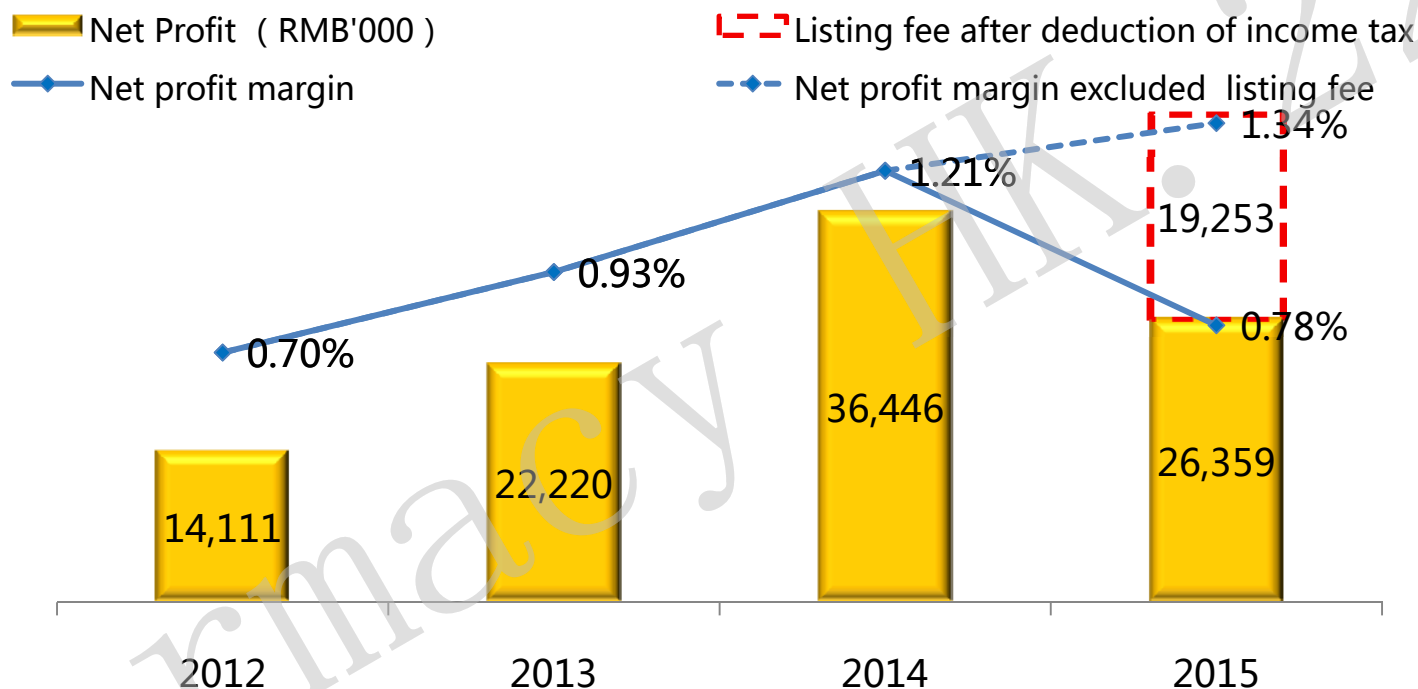
Financial cost accounted for total revenue decreased



- ✓ The finance cost in 2015 increased 5.55% to RMB24.10 million (2014: RMB22.83 million). Financial cost and expense ratio of the year 2012-2015 showed a downward trend.
- ✓ It is mainly due to the increase in the interest of the discounted bills.

(The data of 2012-2014 were taken from the Company's prospectus as stated on December 2, 2015)

Profitability continued to improve

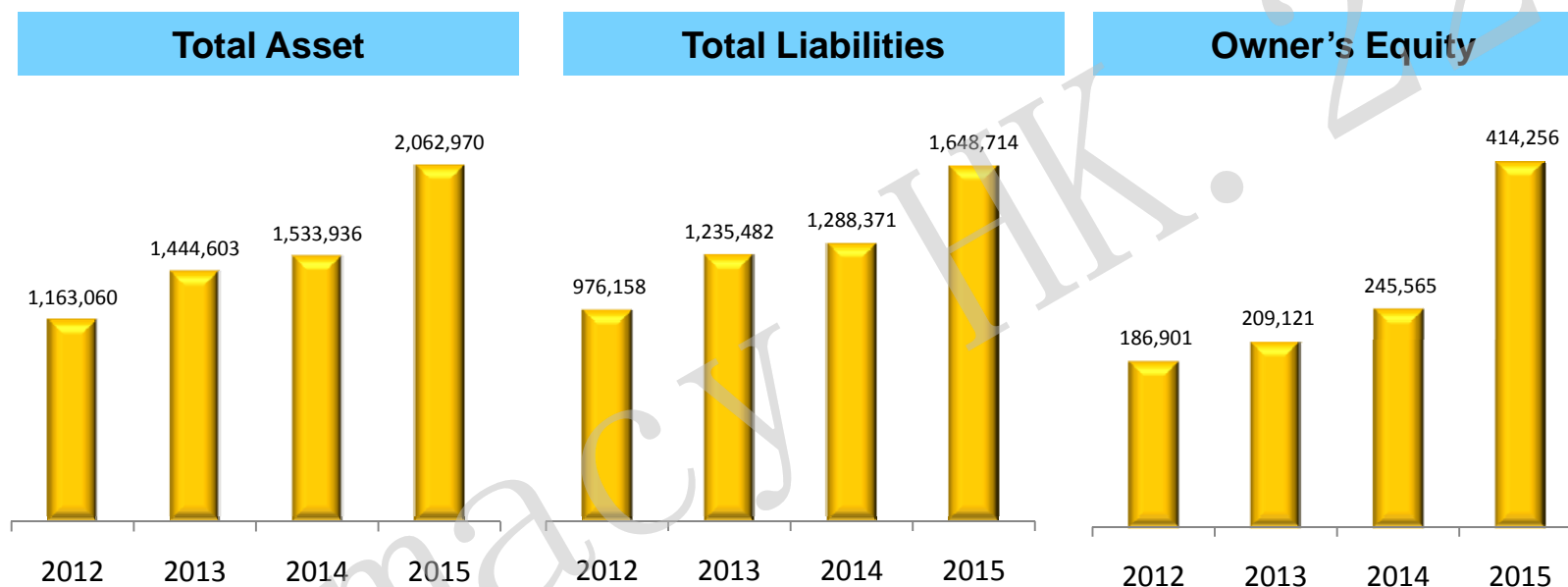


- ✓ The net profit decreased by 27.67% to RMB26.36 million in 2015 from RMB36.45 million in 2014.
- ✓ The decrease in the net profit is mainly due to the decrease in net profit resulted from the inclusion of the listing fees of RMB23.87 million in the current profit or loss.

(The data of 2012-2014 were taken from the Company's prospectus as stated on December 2, 2015)

Solid financial status

(RMB'000)

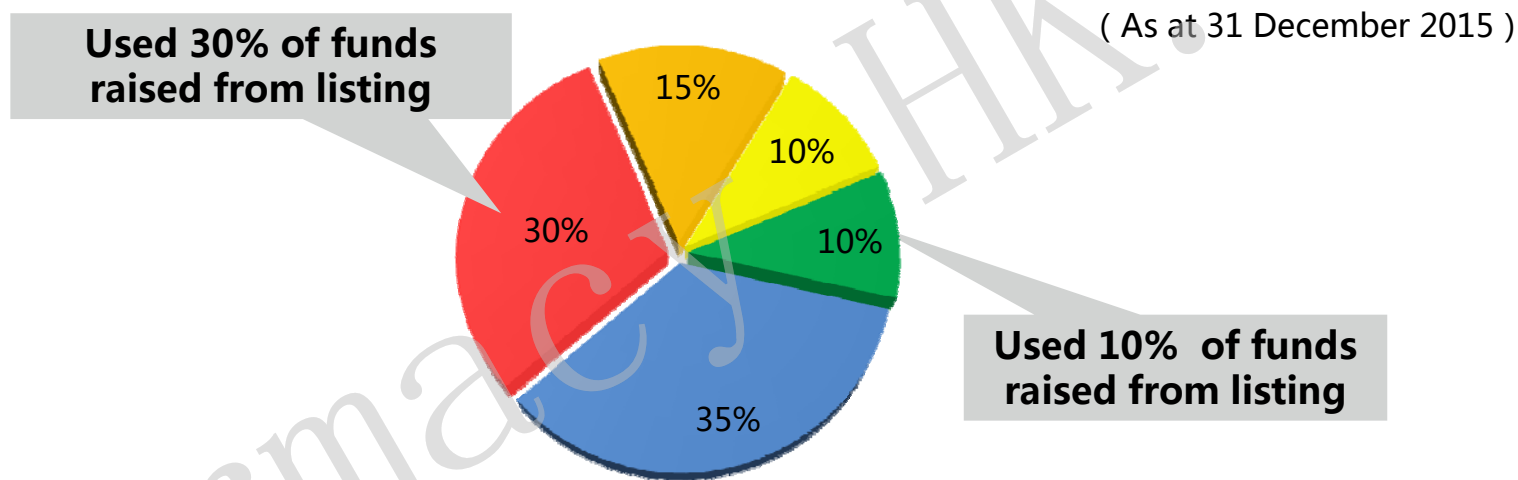


As at 31 December	2012	2013	2014	2015
Gearing ratio	1.38	1.43	1.23	0.70
Net debt/equity ratio	1.32	1.35	1.14	0.33

(The data of 2012-2014 were taken from the Company's prospectus as stated on December 2, 2015)

Proceeds raised from listing

After the deduction of payment of underwriting commission and other estimated expense that related to Global offering, net proceeds raised is approximately HK \$198.6 million, the proceeds raised will be used for the following purposes in next two years:



- Strengthen, expand and integrate distribution network
- Repay bank borrowings
- Acquire pharmaceutical distribution business in Southern China region
- Enhance and promote B2B e-commerce platform
- For working capital and general corporate purposes



創美·CH'MEI

股份简称：创美药业 股份代号：2289.HK

目 录 CONTENTS

- ① Business Overview
- ② Financial Analysis
- ③ **Prospect**
- ④ QA



Strengthen the existing distribution network and increase distribution capabilities

- ✓ Upgrade the existing logistic facilities and equipment;
- ✓ Acquire more refrigerated transportation vehicles;
- ✓ Upgrade the information system.

Around 35% of net proceeds



Upgrade and promote B2B e-commerce platform

- ✓ Upgrade B2B e-commerce platform;
- ✓ Focus on the online and offline promotion and marketing activities.

Around 10% of net proceeds



Pursue acquisition opportunities

- ✓ Acquire established pharmaceutical distribution with mature market network in Southern China cities.

Around 15% of net proceeds



Expand product offerings and enhance product mix

- ✓ Introduce more than 800 products

Upgrade information system



+



=

Intelligence,
Internet Based

- 1 Cooperate with the world largest software supplier SAP in building the integrated information service platform**
- 2 Refine IT structure with SAP S/4HANA+ Hybris to obtain high-capacity real-time data processing capabilities**
- 3 Achieve sustainable development and enhance operation efficiency with digital technology**



Facilitate the development of B2B e-commerce platform



- 1 Upgrade the B2B e-commerce platform with innovation by integrating the Hybris e-commerce platform**
- 2 Connect the online e-commerce platform and the offline stores**
- 3 Optimize the upstream and downstream inventory management**

Enhance overall operation efficiency

Acquire more refrigerated transportation vehicles

- Expand the distribution network coverage, increase the products supply and provide more professional transportation services

Re-evaluate and upgrade the equipment and facilities of the logistics centers

- Increase the operation efficiency with lower operation costs

Expand the distribution network

Acquire established pharmaceutical distribution with mature market network in Southern China cities.

- Assist in the establishment of new logistics center and the expansion of distribution network
- Enlarge the customers base and increase the turnover

Enhance sales volume

Introduce more than 800 products

- Enhance sales volume and profitability



目 录
CONTENTS

- ① Business Overview
- ② Financial Analysis
- ③ Prospect
- ④ **QA**



創美·CH'MEI

股份简称：创美药业 股份代号：2289.HK

QA

Charmacy HK. 2289

创造健康美好生活



創美·CH'MEI

股份简称：创美药业 股份代号：2289.HK

THE END!

谢谢！

Charmed by HIM 2289

创造健康美好生活