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## DAWNRAYS PHARMACEUTICAL (HOLDINGS) LIMITED

東瑞製藥（控股）有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 2348)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

#### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board (the “Board”) of directors (the “Directors”) of Dawnrays Pharmaceutical (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2018 (the “period”) together with the comparative figures in 2017. According to the final payments and contractual implementation situation, some of the selling and distribution expenses for the six months period ended 30 June 2017 have been reclassified. Therefore, the revenue, segment revenue of finished drugs, gross profit, selling and distribution expenses for the six months ended 30 June 2017 as presented in this announcement have been restated. Such reclassification has no impact on the consolidated financial statements for the year ended 31 December 2017. In addition, as Share Sub-division approved by the shareholders of the Company already became effective on 6 August 2018, the comparative figures have also been adjusted on the assumption that the Share Sub-division had been effective in the prior year. The total number of issued shares of the Company as at 30 June 2018 and 30 June 2017 and the dividends as presented in the announcement have been adjusted respectively. These interim results have been reviewed by the audit committee of the Company.

#### FINANCIAL HIGHLIGHTS

Unaudited

**For the six months  
ended 30 June**

	<b>2018</b>	2017	Change
<b>Revenue (RMB'000)</b>	<b>496,927</b>	433,518 *	14.6%
<b>Gross Profit (RMB'000)</b>	<b>312,672</b>	283,294 *	10.4%
<b>Gross Profit Margin</b>	<b>62.9%</b>	65.3% *	-2.4 percentage points
<b>Profit before tax (RMB'000)</b>	<b>205,578</b>	186,309	10.3%
<b>Profit for the period attributable to owners of the parent (RMB'000)</b>	<b>166,193</b>	148,968	11.6%
<b>Net Profit Margin</b>	<b>33.4%</b>	34.4% #	-1.0percentage points
<b>Earnings per share --basic (RMB)</b>	<b>0.10476</b>	0.09295 #	12.7%
<b>Interim dividend per share (HK\$)</b>	<b>0.015</b>	0.015 #	0.0%
<b>Net asset value per share (RMB)</b>	<b>1.197</b>	1.067 #	12.2%

\* restated, refer to note 12 to the financial information for details

# adjusted, refer to note 8 to the financial information for details

## CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
		<b>2018</b>	2017
		<b>(Unaudited)</b>	(Unaudited)
		<b>RMB'000</b>	<i>RMB'000</i>
		(Restated*)	
	Notes		
<b>Revenue</b>	3	<b>496,927</b>	433,518
Cost of sales		<u>(184,255)</u>	<u>(150,224)</u>
<b>Gross profit</b>		<b>312,672</b>	283,294
Other income and gains	3	<b>23,970</b>	13,713
Selling and distribution expenses		<b>(53,921)</b>	(44,854)
Administrative expenses		<b>(38,558)</b>	(40,012)
Other expenses		<b>(34,906)</b>	(24,159)
Finance costs	4	<b>(211)</b>	(13)
Share of profits and losses of an associate		<u>(3,468)</u>	<u>(1,660)</u>
<b>PROFIT BEFORE TAX</b>	5	<b>205,578</b>	186,309
Income tax expense	6	<u>(39,385)</u>	<u>(37,341)</u>
<b>PROFIT FOR THE PERIOD</b>		<u><b>166,193</b></u>	<u>148,968</u>
Attributable to:			
Owners of the parent		<u><b>166,193</b></u>	<u>148,968</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
	8		(adjusted#)
- basic, for profit for the period		<u><b>RMB0.10476</b></u>	<u>RMB0.09295</u>
- diluted, for profit for the period		<u><b>RMB0.10476</b></u>	<u>RMB0.09295</u>

\*See note 12 for details regarding the restatements as a result of changes in reclassification

#See note 8 for details

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	<b>2018</b> <b>(Unaudited)</b> <b>RMB'000</b>	2017 (Unaudited) <i>RMB'000</i>
<b>PROFIT FOR THE PERIOD</b>	<b><u>166,193</u></b>	<u>148,968</u>
Other comprehensive income/ (loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences	<u>24</u>	<u>(2,410)</u>
<b>OTHER COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD, NET OF TAX</b>	<b><u>24</u></b>	<u>(2,410)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b><u>166,217</u></b>	<u>146,558</u>
Attributable to:		
Owners of the parent	<b><u>166,217</u></b>	<u>146,558</u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>30 June 2018 (Unaudited) RMB'000</b>	31 December 2017 (Audited) RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		501,328	520,860
Land use rights		38,609	39,134
Construction in progress		12,617	9,991
Intangible assets		41,735	35,748
Investments in an associate		40,181	43,648
Deferred tax assets		5,481	4,688
Total non-current assets		<b>639,951</b>	654,069
<b>CURRENT ASSETS</b>			
Inventories	9	138,590	121,133
Trade and notes receivables	10	343,210	313,214
Prepayments, deposits and other receivables		604,180	472,975
Financial assets at fair value through profit or loss		34,941	-
Equity investments at fair value through profit or loss		-	8,743
Cash and bank		675,126	611,077
Total current assets		<b>1,796,047</b>	1,527,142
<b>CURRENT LIABILITIES</b>			
Trade and notes payables	11	153,391	143,404
Contract liabilities		6,732	-
Other payables and accruals		150,372	160,997
Financial liabilities at fair value through profit or loss		717	-
Interest-bearing bank loans		80,284	-
Income tax payable		16,520	15,648
Total current liabilities		<b>408,016</b>	320,049
Net current assets		<b>1,388,031</b>	1,207,093
<b>Total assets less current liabilities</b>		<b>2,027,982</b>	1,861,162

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

	<b>30 June 2018 (Unaudited) RMB'000</b>	31 December 2017 (Audited) RMB'000
<i>Notes</i>		
<b>NON-CURRENT LIABILITIES</b>		
Other non-current liabilities	<b>70,238</b>	-
Government grants	<b>1,878</b>	1,878
Deferred tax liabilities	<b><u>56,517</u></b>	<u>53,126</u>
Total non-current liabilities	<b><u>128,633</u></b>	<u>55,004</u>
<b>Net assets</b>	<b><u>1,899,349</u></b>	<u>1,806,158</u>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	<b>84,197</b>	84,197
Reserves	<b><u>1,815,152</u></b>	<u>1,721,961</u>
<b>Total equity</b>	<b><u>1,899,349</u></b>	<u>1,806,158</u>

## **NOTES:**

### **1. CORPORATE INFORMATION AND BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES**

#### **1.1 Corporate and Group Information**

Dawnrays Pharmaceutical (Holdings) Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 20 September 2002 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business is located at Units 3001-02, 30/F, CNT Tower, 338 Hennessy Road, Wanchai, Hong Kong.

The Company and its subsidiaries (collectively referred to as the “Group”) underwent a reorganisation on 21 June 2003 to rationalise the Group’s structure in preparation for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), pursuant to which the Company became the holding company of the Group (the “Group Reorganisation”).

The shares of the Company were listed on the Main Board of the Stock Exchange on 11 July 2003.

The Group was principally engaged in the development, manufacture and sale of non-patented pharmaceutical medicines including intermediate pharmaceutical, bulk medicines and finished drugs. In the opinion of the directors, Fortune United Group Limited, a company incorporated in the British Virgin Islands, is the ultimate holding company of the Company.

#### **1.2 Basis of preparation**

These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2018 (collectively defined as the “interim financial information”) have been prepared in accordance with International Accounting Standards (“IAS”) 34 Interim financial reporting and applicable disclosure requirements of the Rules Governing the listing of securities on the Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost convention, except for financial assets and liabilities at fair value through profit or loss which have been measured at fair value.

The interim condensed consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated. These interim condensed consolidated financial statements have not been audited. These interim condensed consolidated financial statements were approved and authorized for issue by the Board on 23 August 2018.

The interim financial information does not include all the information and disclosures required in the financial statements, and should be read in conjunction with the Group’s audited financial statements for the year ended 31 December 2017, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards and Interpretations) as issued by the International Accounting Standards Board (“IASB”).

#### **1.3 CHANGES IN ACCOUNTING POLICIES**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those in the Group’s annual financial statements for the year ended 31 December 2017, except for the adoption of the new and revised standards effective on 1 January 2018, noted below:

## 1. CORPORATE INFORMATION AND BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES (continued)

### 1.3 CHANGES IN ACCOUNTING POLICIES (continued)

#### (a) New and revised IFRSs adopted by the Group

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

Amendments to IFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to IFRS 4	<i>Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts</i>
IFRS 9	<i>Financial Instruments</i>
IFRS 15	<i>Revenue from Contracts with Customers</i>
Amendments to IFRS 15	<i>Clarifications to IFRS 15 Revenue from Contracts with Customers</i>
Amendments to IAS 40	<i>Transfers of Investment Property</i>
IFRIC 22	<i>Foreign Currency Transactions and Advance Consideration</i>
<i>Annual Improvements 2014-2016 Cycle</i>	Amendments to IFRS 1 and IAS 28

The adoption of the new and revised IFRSs has had no significant financial effect on these financial statements.

#### (b) Issued but not yet effective IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 9	<i>Prepayment Features with Negative Compensation</i> <sup>1</sup>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup>
IFRS 16	<i>Leases</i> <sup>1</sup>
IFRS 17	<i>Insurance Contracts</i> <sup>2</sup>
Amendments to IAS 28	<i>Long-term Interest in Associates and Joint Venture</i> <sup>1</sup>
IFRIC 23	<i>Uncertainty over Income Tax Treatments</i> <sup>1</sup>
Amendments to IAS 19	<i>Employee Benefits</i> <sup>1</sup>
<i>Annual Improvements 2015-2017 Cycle</i>	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23 <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>3</sup> No mandatory effective date yet determined but available for adoption

## 2. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and has two reportable segments as follows:

- Manufacture and sale of intermediates and bulk medicines (the “intermediates and bulk medicines” segment)
- Manufacture and sale of finished drugs (including antibiotics finished drugs and non-antibiotics finished drugs) (the “finished drugs” segment)

Management monitors the operating results of these operating segments for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, government grants, dividend income, fair value gains/(losses) from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and bank, financial assets at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following is an analysis of the Group's revenue and results by operating segment for the period:

<b>Six months ended</b>			Elimination of	
<b>30 June 2018 (unaudited)</b>	Intermediates and bulk medicines	Finished drugs	intersegment sales	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Segment Revenue:</b>				
Sales to external customers	110,892	386,035	-	496,927
Intersegment sales	26,093	-	(26,093)	-
	<u>136,985</u>	<u>386,035</u>	<u>(26,093)</u>	<u>496,927</u>
<b>Segment Results</b>	3,295	253,681	-	256,976
<b><i>Reconciliation:</i></b>				
Unallocated gains				22,256
Corporate and other unallocated expenses				(73,443)
Finance costs				<u>(211)</u>
Profit before tax				<u>205,578</u>



## 2. SEGMENT INFORMATION *(continued)*

<b>Six months ended 30 June 2017 (unaudited)</b>	Intermediates and bulk medicines RMB'000	Finished drugs RMB'000 (Restated*)	Elimination of intersegment sales RMB'000	Total RMB'000 (Restated*)
<b>Segment Revenue:</b>				
Sales to external customers	65,652	367,866	-	433,518
Intersegment sales	<u>13,068</u>	<u>2,521</u>	<u>(15,589)</u>	<u>-</u>
	78,720	370,387	(15,589)	<u>433,518</u>
<b>Segment Results</b>	(5,778)	246,831	-	241,053
<i>Reconciliation:</i>				
Unallocated gains				11,939
Corporate and other unallocated expenses				(66,670)
Finance costs				<u>(13)</u>
Profit before tax				<u>186,309</u>

The following is an analysis of the Group's assets by operating segment:

<b>As at 30 June 2018 (unaudited)</b>	Intermediates and bulk medicines RMB'000	Finished drugs RMB'000	Total RMB'000
<b>Segment Assets:</b>	441,404	585,103	1,026,507
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>1,409,491</u>
Total assets			<u>2,435,998</u>
<b>As at 31 December 2017 (audited)</b>	Intermediates and bulk medicines RMB'000	Finished drugs RMB'000	Total RMB'000
<b>Segment Assets:</b>	432,066	560,628	992,694
<i>Reconciliation:</i>			
Corporate and other unallocated assets			<u>1,188,517</u>
Total assets			<u>2,181,211</u>

\*See note 12 for details regarding the restatements as a result of changes in reclassification

### 3. REVENUE, OTHER INCOME AND GAINS

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

An analysis of the Group's revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000 (restated*)
<b>Revenue</b>		
Sale of goods	<u>496,927</u>	<u>433,518</u>
<b>Other income</b>		
Bank interest income	15,205	9,330
Dividend income from financial assets at fair value through profit or loss	42	-
Dividend income from equity investments at fair value through profit or loss	-	30
Government grants	2,539	1,389
Others	<u>5,581</u>	<u>2,865</u>
	<u>23,367</u>	<u>13,614</u>
<b>Gains</b>		
Gain on disposal of financial assets at fair value through profit or loss	603	-
Gain on disposal of equity investments at fair value through profit or loss	-	99
	<u>603</u>	<u>99</u>
	<u>23,970</u>	<u>13,713</u>

### 4. FINANCE COSTS

	For the six months ended 30 June	
	2018 (Unaudited) RMB'000	2017 (Unaudited) RMB'000
Interest on bank loans wholly repayable within five years	<u>211</u>	<u>13</u>

\*See note 12 for details regarding the restatements as a result of changes in reclassification

## 5. PROFIT BEFORE TAX

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

	<b>For the six months ended 30 June</b>	
	<b>2018</b>	2017
	<b>(Unaudited)</b>	(Unaudited)
	<b>RMB'000</b>	<i>RMB'000</i>
Cost of inventories sold*	<b>184,255</b>	150,224
Depreciation	<b>26,232</b>	25,982
Recognition of land use rights **	<b>525</b>	525
Research and development costs:		
Amortisation of intangible assets ***	<b>209</b>	251
Current period expenditure	<b>26,832</b>	18,136
	<b>27,041</b>	18,387
Minimum lease payments under operating leases:		
Buildings	<b>109</b>	438
Employee benefit expense (including directors' and chief executive officer's remuneration) :		
Wages and salaries	<b>44,312</b>	39,762
Retirement benefits	<b>3,839</b>	3,659
Accommodation benefits	<b>1,874</b>	1,740
Other benefits	<b>7,217</b>	6,586
Equity-settled share option expense	<b>3,800</b>	4,743
	<b>61,042</b>	56,490
Foreign exchange differences, net	<b>1,197</b>	2,857
Reversal of impairment of property, plant and equipment	-	(566)
Write-down of inventories to net realisable value	<b>4,690</b>	1,015
Fair value losses/(gains), net:		
Equity investments at fair value through profit or loss	-	(907)
Financial assets at fair value through profit or loss	<b>183</b>	-
Financial liabilities at fair value through profit or loss	<b>717</b>	-
Bank interest income	<b>(15,205)</b>	(9,330)
Loss on disposal of items of property, plant and equipment	<b>133</b>	668
Gain on disposal of financial assets at fair value through profit or loss	<b>(603)</b>	-
Gain on disposal of equity investments at fair value through profit or loss	-	(99)

\* The depreciation of RMB20,673,000 (2017: RMB21,161,000) for the period is included in "Cost of inventories sold".

\*\* The recognition of land use rights for the period is included in "Administrative expenses" on the face of the condensed consolidated statement of profit or loss.

\*\*\* The amortisation of intangible assets for the period is included in "Other expenses" on the face of the condensed consolidated statement of profit or loss.

## 6. INCOME TAX

	For the six months ended 30 June	
	2018	2017
	(Unaudited) RMB'000	(Unaudited) RMB'000
Current income tax		
Current income tax charge	32,014	29,640
Adjustments in respect of current income tax in previous years	15	45
Deferred income tax	<u>7,356</u>	<u>7,656</u>
Total tax charge for the period	<u><u>39,385</u></u>	<u><u>37,341</u></u>

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period. Taxation for the subsidiaries in Mainland China is calculated on the estimated assessable profits for the period at the rates of tax prevailing in the locations in which the Group's subsidiaries operate, based on existing legislation, interpretations and practices in respect thereof.

## 7. DIVIDENDS

	For the six months ended 30 June	
	2018	2017
	(Unaudited) RMB'000	(Unaudited) RMB'000
Dividend pertaining to the prior year declared in the six months ended 30 June	76,826	71,152
Interim – HK\$0.015 per Sub-divided Share* (2017: HK\$0.03 per ordinary share before the effect of the share sub-division (as defined in note 8) or HK\$0.015 per Sub-divided Share after the effect of the Share Sub-division)	<u><u>20,713</u></u>	<u><u>20,373</u></u>

\*On 23 August 2018, the Company declared an interim dividend for the year ending 31 December 2018, at HK\$0.015 per Sub-divided Share, amounting to a total sum of approximately HK\$23,796,000 (approximately equivalent to RMB20,713,000).

Details of the special dividend declared subsequent to balance sheet date are contained in note 13.

## 8. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2018 is based on the profit for the period attributable to ordinary equity holders of the parent of RMB166,193,000 (2017: RMB148,968,000) and the weighted average number of 1,586,382,000 sub-divided shares (2017(adjusted): 1,602,659,823 sub-divided shares) in issue during the period.

The calculation of diluted earnings per share for the period is based on the profit for the period attributable to ordinary equity holders of the parent of RMB166,193,000 (2017: RMB148,968,000) and the weighted average number of 1,586,382,000 sub-divided shares (2017(adjusted): 1,602,659,823 sub-divided shares) in issue during the period after adjusting for the effect of dilutive options.

The above numbers of shares for calculating earnings per share already reflect the share sub-division (i.e. sub-division of each of the issued and unissued ordinary shares of par value of HK\$0.10 of the Company into two (2) sub-divided shares of par value of HK\$0.05 each in the share capital of the Company (the “Sub-divided Share”) as approved by the shareholders of the Company in the extraordinary general meeting on 3 August 2018 with effect from 6 August 2018) (the “Share Sub-division”). Comparative figures have also been adjusted on the assumption that the Share Sub-division had been effective in the prior year. Further details and definition of the Sub-divided Share and Share Sub-division are set out in the Company’s announcement dated 11 July 2018 and the Company’s circular dated 18 July 2018.

## 9. INVENTORIES

	<b>30 June 2018 (Unaudited) RMB’000</b>	31 December 2017 (Audited) RMB’000
At cost or net realisable value:		
Raw materials	<b>35,246</b>	33,568
Work in progress	<b>35,594</b>	47,659
Finished goods	<b><u>67,750</u></b>	<u>39,906</u>
	<b><u><u>138,590</u></u></b>	<u><u>121,133</u></u>

## 10. TRADE AND NOTES RECEIVABLES

An aging analysis of the trade receivables and notes receivable as at 30 June 2018, net of provisions, is as follows:

	<b>30 June 2018 (Unaudited) RMB'000</b>	31 December 2017 (Audited) RMB'000
Trade receivables		
Outstanding balances with ages:		
Within 90 days	<b>167,184</b>	168,676
Between 91 and 180 days	<b>16,892</b>	13,218
Between 181 and 270 days	<b>451</b>	2,845
Between 271 and 360 days	<b>888</b>	30
Over one year	<b>48</b>	84
	<b>185,463</b>	184,853
Notes receivable	<b>157,747</b>	128,361
	<b>343,210</b>	313,214

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally three months for major customers.

## 11. TRADE AND NOTES PAYABLES

An aging analysis of the trade payables and notes payable as at 30 June 2018 is as follows:

	<b>30 June 2018 (Unaudited) RMB'000</b>	31 December 2017 (Audited) RMB'000
Outstanding balances with ages:		
Within 90 days	<b>108,243</b>	102,872
Between 91 and 180 days	<b>44,580</b>	39,485
Between 181 and 270 days	<b>155</b>	155
Between 271 and 360 days	<b>40</b>	138
Over one year	<b>373</b>	754
	<b>153,391</b>	143,404

The trade payables are non-interest-bearing and are normally settled on 90-day terms. The carrying amounts of the trade and notes payables approximate to their fair values.

## 12. COMPARATIVE FIGURES

According to the final payments and contractual implementation situation, some selling and distribution expenses for the six months period ended 30 June 2017 have been reclassified in accordance with International Financial Reporting Standards. Therefore, the revenue, segment revenue of finished drugs, gross profit, selling and distribution expenses for the six months ended 30 June 2017 as presented in this announcement have been restated. Such reclassification has no impact on the consolidated financial statements for the year ended 31 December 2017. The details of reclassification are as follows:

	For the six months ended 30 June 2017		
	(Unaudited) As previously stated RMB'000	(Unaudited) Effect of reclassification RMB'000	(Unaudited) As restated RMB'000
Revenue	491,056	-57,538	433,518
Segment revenue of finished drugs	425,404	-57,538	367,866
Gross Profit	340,832	-57,538	283,294
Selling and distribution expenses	102,392	-57,538	44,854

## 13. POST BALANCE SHEET EVENT

In the extraordinary general meeting on 3 August 2018, the shareholders of the Company approved the declaration and payment of a special dividend of HK\$0.075 per Sub-divided Share to shareholders of the Company whose names appear on the register of members of the Company on 26 September 2018. The total amount of the special dividend to be distributed is approximately HK\$118,979,000 (equivalent to approximately RMB103,564,000) and will be paid on or about 11 October 2018.

## CHAIRMAN'S STATEMENT

### RESULTS

The Group recorded revenue of approximately RMB496,927,000 for the six months ended 30 June 2018 (2017(restated): RMB433,518,000), representing an increase of 14.6% compared to the same period of 2017. Profit attributable to the owners of the parent was approximately RMB166,193,000 (2017: RMB148,968,000), representing an increase of 11.6% over the same period of 2017.

The increase in turnover and profit was mainly due to the remained growth in sales of the Group's specific medicines, as well as the significant increase in the sales of the Group's series products of cephalosporin antibiotics compared with the same period of 2017.

## **BUSINESS REVIEW AND PROSPECT**

As various medical and pharmaceutical policies and measures issued by the Chinese government in 2017 continued to exert influence in the period, the pharmaceutical industry was driven into a deep process of change. Although the supply reform policies, such as curbing medical insurance expense, lowering the price share of pharmaceutical products and reducing price through tendering system, exerted pressure against the growth of the pharmaceutical terminal market, the actual demand for drugs in the market increased due to influences of the aging population and the continuous improvement in affordability of the general public as well as other social factors. During the period, the Group carried out sales based on the marketing design and layout of 2017. However, in response to changes in market factors timely, the Group have adopted targeted measures and allocated appropriate resources to maximize the market share, leading to a growth in the Group's results even under the highly competitive business environment.

Following the Company's 2017 Annual Report, detailed information on the progress of the relocation compensation for Suzhou Dawnrays Pharmaceutical Co., Ltd., a subsidiary of the Group, and the transfer of the entire equity of Guangdong Dawnrays Pharmaceutical Co., Ltd. by Dawnrays International Company Limited (東瑞國際股份有限公司), please refer to the Management Discussion and Analysis in this report. In addition, the application for Class 1 new drug registration of AK102, a monoclonal antibody agent, from AD Pharmaceuticals Co., Ltd. ("AD Pharmaceuticals"), which was jointly invested by Dawnrays Biotechnology Capital (Asia) Limited, a subsidiary of the Company, and Akeso Biopharma Inc., has officially launched clinical trials. Meanwhile, active efforts are being made and satisfactory progress was achieved for the application of clinical trial registration for AK109, another drug of AD Pharmaceuticals under development.

At the extraordinary general meeting held by the Company on 3 August 2018, the shareholders attended have voted to approve (i) the declaration and payment of a special dividend of HK\$0.075 per Sub-divided Share, and (ii) the share sub-division (which took effect on 6 August 2018 ). The details are set out in the announcement of the Company dated 11 July 2018 as well as the circular dated 18 July 2018.

July 2018 marks the fifteenth anniversary of the Company's shares listing on the Hong Kong Stock Exchange for trading. As stated above, the Company has declared to pay a one-off special dividend to shareholders in celebration of the Fifteenth Anniversary and expressing our appreciation of the long-term support from our shareholders. Looking back at the past, the board of directors of the Company has always relied on the interests of shareholders, and adhered to the concept of steady development, so as to build the Group's business and brand. The Group has successfully developed a variety of high-quality specific medicines and antibiotics products, which are recognized by the market and are beneficial to the treatment of patients, as well as making outstanding contributions to the Group's profit for many years. The Company has also consistently managed financial matters in a steadfast manner, enabling the Group with sound financial strengths to cope with development opportunities and risks arising from China's pharmaceutical market from time to time.



Looking forward to future development of China's pharmaceutical market, the current government policies, on the one hand, focus on the supply reform and curbing the growth of public medical expenses; on the other hand, the government encourages stakeholders to improve product quality and invest more resources in product development and technological innovation through various industrial policies and measures, with the aim to improve the level of China's pharmaceutical industry as a whole. As a result of which, the consumer groups will have access to more high-quality and reliable products, and a solid foundation and good conditions will be created for the industry to fully participate in global business competition in the future. Therefore, China's pharmaceutical industry will move towards high level in an orderly way, and each segment of the industry will continue to face more stringent and standardized requirements. Under these premises, the continuous development and success of pharmaceutical companies depends on the precise combination of market-based product development, production and sales, which are closely interconnected and in need of cycle-forward and continuous optimization. The Company will, based on the success experience of the past years, make overall efforts in the plan and management of R&D, production and sales. The Company will vigorously promote the integration of these three aspects to achieve maximum results, in hope of fully releasing the potential value of the Group's industrial chain and creating fruitful returns for the shareholders of the Company.

## **INTERIM DIVIDEND**

The Board resolved to declare an interim dividend of HK\$0.015 per Sub-divided Share for the year ending 31 December 2018, approximately amounting to a total sum of HK\$23,796,000 (equivalent to approximately RMB20,713,000).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **REVIEW OF OPERATIONS**

For the six months ended 30 June 2018, the Group recorded a turnover of approximately RMB496,927,000, representing an increase of RMB63,409,000 or 14.6% compared with the corresponding period of last year. Of which, the sales amount of intermediates and bulk medicines reached RMB110,892,000, increasing by RMB45,240,000 or 68.9% compared with the corresponding period of last year. The sales amount of finished drugs reached RMB386,035,000, representing an increase of RMB18,169,000 or 4.9% compared with the corresponding period of last year.

Under the pressure of intense market competition, the Group continued to optimize product quality and strived to reduce production costs. Due to the significant enhancement in the competitiveness of intermediates and bulk medicines, the results of related segment has improved compared with the corresponding period of last year, which reversed the loss situation that lasted for several years.

The sales amount of system specific medicines continued to grow, of which that of “Leiyide”(雷易得) (Entecavir Dispersible Tablets) for treating hepatitis B virus increased by 24.4% compared with the corresponding period of last year. As for the “An” (安) series for treating hypertension and “Xikewei” (西可韋) for treating allergies, the Group’s marketing management continued to control and bring into full play of their market advantages. Under the continuous support of the optimization of supply and marketing systems, the sales of these series of products continuously made an extremely important contribution to the Group’s profitability.

During the period, the Group’s marketing management closely inspected the effectiveness of various business plans, and appropriately adjusted the marketing ideas and strategies of the Group’s products and strengthened resource allocation in response to the rapid changes in the market. They actively explored blank markets and deepened existing markets to ensure the continuous growth of Group’s turnover.

## **PRODUCT R&D**

Apart from the description in the following section of “NEW PRODUCTS AND PATENT LICENSING”, the Group’s ongoing research projects cover the therapeutic areas of circulatory system, digestive system, endocrine system, antiviral drugs, etc.

The Group will continue investing more resources in production technology and product R&D and innovation, and seek after various forms of external cooperation opportunities so as to strengthen our product mix and profitability foundation.

## **CONSISTENCY EVALUATION**

During the period from January to June 2018, the Group conducted quality consistency assessment for 8 varieties. Of which, 4 varieties were completed bioequivalency (BE) clinical research with 2 varieties were filed the application to the Center for Drug Evaluation of China Food and Drug Administration (CDE) for consistency evaluation, and 2 varieties were in the process of preparing related application materials. In addition, 3 other varieties were in bioequivalency (BE) clinical research, and one variety was in pharmaceutical research.

## **PRODUCTION QUALITY**

During the period, the Group’s production of intermediates and bulk medicines increased by 34.4%, and the production of cephalosporin powder for injection increased by 165.0% compared with the corresponding period of last year. The production of solid-dosage-forms decreased by 3.2%. Due to the improvement of the Group’s production process and the enhancement of the quality control system, the product quality status has been greatly improved, further enhancing the product market competitiveness of the Group. In addition, in June 2018, the Group’s subsidiary, Suzhou Dawnrays Pharmaceutical Co., Ltd. passed the on-site inspection of GMP recertification tracking inspection by Jiangsu Provincial Food and Drug Administration.

## **OTHER MATTERS**

During the period, the Group promoted corporate governance and other aspects in an orderly manner, and continued to improve the safety and environmental protection. The Group comprehensively optimized the performance appraisal system of production network, further inspiring the enthusiasm of employees. The Group actively carried out the cultural construction to further enhance the cohesiveness of employees.

## **NEW PRODUCTS AND PATENT LICENSING**

(1) During January to June 2018, a total of 6 declarations for registration were filed with the Food and Drug Administration of Jiangsu Province (including 3 for supplemental applications and 3 for re-registration); 3 re-registration approval documents and 2 supplemental approval documents were obtained.

(2) One patent certificate was obtained

“A Photo-degradation Product of Ceftriaxone Sodium and Its Preparation Method and Analytical Detection Method” was granted a national invention patent (Patent No. ZL201510368880.2) on 8 June 2018.

## **HONORS AWARDED IN 2018**

In March 2018, Suzhou Dawnrays Pharmaceutical Co., Ltd., a subsidiary of the Group, was honored as “Top Ten New Economy Enterprises of Jiangsu Province” (The First Session) jointly by Jiangsu Provincial Brand Strategy Promotion Committee (江蘇名牌事業促進會), Jiang Su Province Enterprise Directors Association (江蘇省企業家協會) and Jiangsu Federation of Industrial Economics (江蘇省工業經濟聯合會).

## **FINANCIAL REVIEW**

### **SALES AND GROSS PROFIT**

The comparative figures of revenue, gross profit, selling and distribution expenses, and segment revenue of finished drugs for the six months ended 30 June 2017 mentioned in this announcement have been restated due to reclassification of some of selling and distribution expenses during the corresponding period of 2017.

For the six months ended 30 June 2018, the Group recorded a turnover of approximately RMB496,927,000, representing an increase of RMB63,409,000, or 14.6%, compared with that of RMB433,518,000(restated) during the corresponding period of last year. Of which, sales of intermediates and bulk medicines was RMB110,892,000, representing an increase of RMB45,240,000, or 68.9%, compared with last year; sales of finished drugs was RMB386,035,000, representing an increase of RMB18,169,000, or 4.9%, compared with last year. The increase in turnover was mainly attributed to the sales growth of intermediates and bulk medicines and Entecavir tablets.

Sales amount of finished drugs, comprising system specific medicines, powder for injection and tablets of cephalosporin and other oral solid-dosage-form of antibiotics, reached approximately RMB386,035,000. Taking into account of the total turnover, sales amount of finished drugs was approximately 77.7%, representing a decrease of 7.2 percentage points compared with last year. Of which, sales amount of system specific medicines accounted for approximately 90.0% of sales of finished drugs.

Export sales amount accounted for approximately 14.6% of the total turnover. The export destinations mainly included countries and regions such as Hong Kong, Switzerland, South Korea and Russia etc.

Gross profit was approximately RMB312,672,000, which was increased by RMB29,378,000 compared with the corresponding period of last year. Gross profit margin was 62.9%, which was decreased by 2.4 percentage points compared with 65.3% (restated) as in the corresponding period of last year. It was mainly due to the increase in sales proportion of intermediates and bulk medicines.

## TABLE OF TURNOVER ANALYSIS

PRODUCT	TURNOVER (RMB'000)			SALES BREAKDOWN (%)		
	For the six months ended 30 June			For the six months ended 30 June		
	2018	2017 (Restated)	Changes	2018	2017 (Restated)	Percentage Points changes
Intermediates and Bulk Medicines	<b>110,892</b>	65,652	45,240	<b>22.3</b>	15.1	7.2
Finished Drugs	<b>386,035</b>	367,866	18,169	<b>77.7</b>	84.9	-7.2
Overall	<b>496,927</b>	433,518	63,409	<b>100.0</b>	100.0	0.0

## EXPENSES

During the period, the total expenses incurred were approximately RMB127,596,000, equivalent to 25.7% of turnover (2017(restated): 25.2%), an increase of 0.5 percentage points compared with the corresponding period of last year. The total expenses increased by approximately RMB18,558,000 compared with the corresponding period of last year, mainly attributed to the increase in distribution expenses and R&D costs.

## **SEGMENT PROFIT**

For the six months ended 30 June 2018, the segment profit of finished drugs segment was approximately RMB253,681,000, which was increased by approximately RMB6,850,000 when compared with the segment profit of RMB246,831,000 as in the first half of 2017. The segment profit of intermediates and bulk medicines segment was approximately RMB3,295,000, compared with the loss of RMB5,778,000 as in the first half of 2017. The loss situation of the Group's intermediates and bulk medicines business was reversed due to the Group's strict control on the production cost of cephalosporin bulk medicines and the recovery of the bulk medicines market.

## **INTERESTS AND RIGHTS IN ASSOCIATE**

During the period, AD Pharmaceuticals Co., Ltd., which was invested by the Group's subsidiary Dawnrays Biotechnology Capital (Asia) Ltd., has officially launched Phase I clinical trials for the application of class 1 new drug registration of AK102, a monoclonal antibody agent. For the six months ended 30 June 2018, the R&D and administrative expenses occurred by that company have totaled approximately RMB9,907,000. As a result, the Group shared, in proportion to the investment percentage, an investment loss of approximately RMB3,468,000, as compared with that of RMB1,660,000 in the corresponding period of 2017.

## **PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT**

For the six months ended 30 June 2018, profit attributable to owners of the parent amounted to approximately RMB166,193,000, representing an increase of RMB17,225,000 or 11.6% compared with the corresponding period of last year. The increase was mainly attributed to the growth in sales of finished products and the performance improvement of intermediates and bulk medicines.

## **ANALYSIS ON THE RETURN ON ASSETS**

As at 30 June 2018, net assets attributable to owners of the parent were approximately RMB1,899,349,000. The return on net assets, which is defined as the profit attributable to owners of the parent divided by net assets attributable to owners of the parent, was 8.7% (2017: 8.7%). The current ratio and quick ratio was 4.4 and 4.1 respectively. Turnover days for trade receivables were approximately 67 days. Turnover days for trade receivables including notes receivables were approximately 119 days. Turnover days for inventory were approximately 127 days. Turnover days for trade receivables increased because of the extension of customer payback period; turnover days for inventory decreased as compared with the end of last year.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2018, the Group held cash and bank balance of approximately RMB675,126,000 (as at 31 December 2017: RMB611,077,000). In addition, in order to operate the idle funds more effectively and improve returns, the Group had placed total RMB550,000,000 on principal-preservation type of structured deposits with interest rates at 4.1%-4.7% p.a. to several creditworthy banks in Mainland China.

During the period, the Group used idle funds to purchase the bonds of China Development Bank at the cost of RMB30,000,000, equivalent to RMB30,063,000 measured at fair value as at 30 June 2018.

During the period, the net cash flows from operating activities was approximately RMB118,280,000 (2017: RMB172,638,000). Net cash flows used in investing activities was approximately RMB137,149,000 (2017: RMB210,536,000). Net cash flows from financing activities was approximately RMB3,247,000 (2017: net cash out flow RMB89,617,000). Cash and cash equivalents decreased by approximately RMB15,622,000 (2017: RMB127,515,000).

As at 30 June 2018, the Group had aggregate bank facilities of approximately RMB998,876,000 (as at 31 December 2017: RMB918,341,000), of which, bank facilities of HK\$117,000,000 were secured by corporate guarantee of the Company. The Group's short-term bank loans of HK\$95,000,000 was arranged on the floating rate, and the loan interest rate was HIBOR + 1.1%. As at 30 June 2018, the debt ratio (defined as sum of interest-bearing bank loans over total assets) of the Group was 3.3% (as at 31 December 2017: 0).

As at 30 June 2018, the Group had inventory balance approximately RMB138,590,000 (as at 31 December 2017: RMB121,133,000).

As at 30 June 2018, the Group's contracted but not provided capital commitments amounted to approximately RMB4,137,000 (as at 31 December 2017: RMB4,500,000), which mainly derived from workshop transformation in Dawnrays (Nantong) Pharmaceutical Science and Technology Co. Ltd., staff dorm renovation and minor works in Suzhou Dawnrays Pharmaceutical Co., Ltd. The Group has sufficient financial and internal resources to bear the aforesaid capital expenditure.

During the period, Dawnrays International Co. Ltd., the Group's subsidiary, transferred all the equity of Guangdong Dawnrays Pharmaceutical Co., Ltd., its subsidiary which had suffered from consecutive loss, to an independent third party at the price of RMB2,900,000, and relevant equity transfer formalities have been completed. The registered capital of Guangdong Dawnrays Pharmaceutical Co., Ltd. was RMB3,000,000, and the net assets at time of disposal were RMB33,000.

Due to the urban planning adjustment of Wuzhong Economic Development District by Suzhou Municipal People's Government, Suzhou Dawnrays Pharmaceutical Co., Ltd., a wholly-owned subsidiary of the Group, entered into the Relocation Compensation Agreement with the government where it operates on 20 December 2017. Both parties agreed the relocation compensation amount was approximately RMB351,200,000. According to related accounting standards, such compensation shall be regarded as policy-based relocation compensation, included into "other non-current liabilities" in accounting, and recognized as income in case of disposal of assets, paying the relocation fees, and subsequent depreciation of fixed assets. In January 2018, Suzhou Dawnrays Pharmaceutical Co., Ltd. received the first relocation compensation of RMB70,238,000.

Save as aforesaid disclosure, the Group had no significant external investments or material acquisitions or disposal of subsidiaries and associated companies during the period.

## **FOREIGN EXCHANGE AND TREASURY POLICIES**

Considering the continued appreciation of Renminbi in the second half of last year and at the beginning of this year, the Group purchased the foreign exchange forward contracts of US\$13,880,000 during the period so as to avoid the foreign exchange risks in export trade. However, due to the recent reverse fluctuation of Renminbi, the Group recorded a loss of RMB717,000 in such forward contracts measured at fair value as at 30 June 2018.

The Group's substantial business activities, assets and liabilities are denominated in Renminbi, so the risk derived from the foreign exchange to the Group is not high, except for the Group pays dividends in Hong Kong Dollars. Therefore, the foreign exchange risks are primarily with respect to Hong Kong Dollars.

The treasury policy of the Group is to manage any risk of foreign exchange or interest rate (if any), only if it will potentially impose a significant impact on the Group. The Group continues to observe the foreign exchange and interest rate market, and may hedge against foreign currency risk with foreign exchange forward contracts and interest rate risk with interest rate swap contracts if necessary.

## **STAFF AND REMUNERATION POLICY**

As at 30 June 2018, the Group employed 852 employees and the total remuneration was approximately RMB61,042,000 (2017: RMB56,490,000). The Group regards human resources as the most valuable assets and truly understands the importance of attracting and retaining high-performance employees. The remuneration policy is generally based on the references of market salary index and individual qualifications. The Group provides its employees with other fringe benefits, including defined contribution retirement schemes, share option scheme and medical coverage. The Group also offers some of its employees stationed in the PRC with dormitory accommodation.

## **CHARGES ON ASSETS**

As at 30 June 2018, the Group had not pledged any assets to banks to secure credit facilities granted to its subsidiaries (as at 31 December 2017: nil).

## **CONTINGENT LIABILITIES**

As at 30 June 2018, the Group had no material contingent liabilities.

## **PLANS FOR SIGNIFICANT INVESTMENTS AND EXPECTED SOURCE OF FUNDING**

Save for those disclosed above in connection with capital commitments under the section “Liquidity and Financial Resources” and increase of registered capital, capital for relocation plans and investments in associates as mentioned in the Annual Report 2017, the Group does not have any plan for material investments or acquisition of capital assets.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

For the six months period ended 30 June 2018, neither the Company, nor any of its subsidiaries purchased redeemed or sold any of the Company’s listed securities.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

To the best knowledge, information and belief of the Directors, the Company has complied with the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd. (the “Listing Rules”) during the six months period ended 30 June 2018.

## **UPDATES ON DIRECTORS’ INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES**

Mr. Choi Tat Ying Jacky, an independent non-executive director of the Company retired as the Company’s independent non-executive director, the chairman of audit committee and the member of remuneration committee and nomination committee with effect from the conclusion of annual general meeting of the Company held on 24 May 2018. Ms. Lam Ming Yee Joan was appointed as an independent non-executive director, a member of audit committee, remuneration committee and nomination committee of the Company respectively with effect from 25 May 2018. Details of the above change were set out in the announcement of the Company dated 25 May 2018.



Mr. Ede, Ronald Hao Xi, an independent non-executive director of the Company, has been the chief financial officer of Innovent Biologics Inc since January 2018 and was appointed as executive director of that company in June 2018.

The Board approved to adjust each of Mr. Lo Tung Sing Tony and Mr. Ede, Ronald Hao Xi's annual remuneration to HK\$360,000 and adjust Mr. Leung Hong Man's annual remuneration to HK\$300,000 with effect from 1 April 2018.

## **EVENT AFTER THE REPORTING PERIOD**

Subsequent to the end of reporting period, on 3 August 2018, the Shareholders in extraordinary general meeting approved Share Sub-division of each of issued and unissued ordinary shares of par value of HK\$0.10 each into two sub-divided shares of par value of HK\$0.05 each and the declaration and payment of a one-off special dividend of HK\$0.075 per Sub-divided Share. Further details of the Share Sub-division and the one-off special dividend were set out in the Company's announcement dated 11 July 2018 and the Company's circular dated 18 July 2018.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of all Directors, the Directors have complied with the required standard set out in the Model Code, throughout the six months period ended 30 June 2018.

## **AUDIT COMMITTEE**

The Company has an Audit Committee which was established in compliance with Rule 3.21 of the Listing Rules to oversee the Group's financial reporting system, risk management and internal control systems. As at the date of announcement, the Audit Committee's chairman was Mr. Lo Tung Sing Tony, Mr. Ede, Ronald Hao Xi and Ms. Lam Ming Yee Joan were the committee's members, all of them are independent non-executive directors of the Company.

The unaudited interim condensed consolidated financial statements of the Company for the six months ended 30 June 2018 have been reviewed by the audit committee before making recommendation to the Board for approval.

## CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 27 September 2018 to Friday, 28 September 2018 (both days inclusive), for the purpose of ascertaining entitlement to the Company's interim dividend, during which period no transfer of shares will be registered.

The record date for the purpose of determining shareholders' entitlement to the interim dividend is Wednesday, 26 September 2018. In order to qualify for the interim 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 Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 26 September 2018. Dividend warrants will be despatched to shareholders on or about Thursday, 11 October 2018.

## APPRECIATION

Meanwhile, I would like to take this opportunity to express my appreciation for the support to me from the Company's shareholders and directors and the Group's business partners, management personnel and all staff.

By Order of the Board  
Dawnrays Pharmaceutical (Holdings) Ltd.  
**Li Kei Ling**  
*Chairman*

Hong Kong, 23 August 2018

*As at the date of this announcement, the Board of the Company comprises three Executive Directors, namely Ms. Li Kei Ling, Mr. Hung Yung Lai and Mr. Chen Shaojun; one Non-executive Director namely Mr. Leung Hong Man; three Independent Non-executive Directors, namely Mr. Lo Tung Sing Tony, Mr. Ede, Ronald Hao Xi and Ms. Lam Ming Yee Joan.*