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## SINO BIOPHARMACEUTICAL LIMITED

### 中國生物製藥有限公司

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

*Website: [www.sinobiopharm.com](http://www.sinobiopharm.com)*

**(Stock code: 1177)**

## **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE, 2016**

### **FINANCIAL HIGHLIGHTS**

For the six months ended 30 June, 2016, the Group recorded the following unaudited operational results:

- Revenue was approximately HK\$8,039.95 million, an increase of approximately 8.0% over the same period last year (The growth rate would have been approximately 13.3% if denominated in RMB);
- Before and after accounted for unrealized fair value gains and losses of equity investments and financial assets, profit attributable to the Group was approximately HK\$1,008.84 million and approximately HK\$1,008.98 million, respectively, approximately 21.2% and approximately 8.7% higher than that of the same period last year, respectively;
- Based on the profit attributable to the Group before and after accounted for unrealized fair value gains and losses of equity investments and financial assets, the basic earnings per share were approximately HK13.61 cents and approximately HK13.61 cents, respectively, approximately 21.2% and approximately 8.7% higher than that of the same period last year, respectively;
- Sales of new products accounted for approximately 11.0% of the Group's total revenue; and
- Cash and bank balances as at 30 June, 2016 was approximately HK\$3,803.41 million.

The board of directors (the "Board") of the Company declared the payment of a second quarterly dividend of HK1.5 cents per share for the three months ended 30 June, 2016. Together with the quarterly dividend of HK1.5 cents per share paid for the first quarter, the total dividend of two quarters amounted to HK3 cents per share.

## CORPORATE PROFILE

Sino Biopharmaceutical Limited (the “Company”), together with its subsidiaries (the “Group”), is an integrated pharmaceutical enterprise. Applying advanced modernized Chinese and biomedical technology, the Group researches, develops, manufactures and markets a vast array of health enhancing modernized Chinese medicines and chemical medicines. The Group’s products can be grouped under the two major therapeutic categories of hepatitis and cardio-cerebral diseases. It also actively develops medicines for treating tumors, analgesia, orthopedic diseases, anti-infection, parenteral nutrition, respiratory system diseases, anorectal diseases, diabetes and other diseases to meet the increasing demands of the market, medical practitioners and patients. In order to enhance our sustainable competitiveness, the Group also actively seeks for cooperation with the international enterprises, promotes the enlarged healthcare industry strategy, nurtures the internet plus business and develops specialty hospitals.

### Principal products:

Hepatitis medicines:	Tianqingganmei (Magnesium Isoglycyrrhizinate) injections, Runzhong (Entecavir) dispersible tablets, Mingzheng (Adefovir Dipivoxil) capsules, Tianqingganping (Diammonium Glycyrrhizinate) enteric capsules, Ganlixin (Diammonium Glycyrrhizinate) injections and capsules
Cardio-cerebral medicines:	Yilunping (Irbesartan/Hydrochlorothiazide) tablets, Tuotuo (Rosuvastatin Calcium) tablets, Tianqingning (Hydroxyethylstarch 130) injections
Oncology medicines:	Zhiruo (Palonosetron Hydrochloride) injections, Saiweijian (Raltitrexed) injections, Tianqingyitai (Zolebronate Acid) injections
Orthopedic medicines:	New Ossified Triol capsules, Jiuli (Glucosamine Hydrochloride) tablets
Anti-infectious medicines:	Tiance (Biapenem) injections
Parenteral nutritious medicines:	Xinhaineng (Carbohydrate and Electrolyte) injections, Fenghaineng fructose injections
Respiratory system medicines:	Tianqingsule (Tiotropium Bromide) inhalation powder, Chia Tai Suke (Cefaclor and Bromhexine Hydrochloride) tablets
Anorectal medicines:	Getai (Diosmin) tablets

## **Products with great potential:**

Cardio-cerebral medicines:	Tianqingnan (Glycerin and Fructose) injections
Oncology medicines:	Renyi (Pamidronate Disodium) injections, Qingweike (Decitabine for injections), Gelike (Imatinib Mesylate) capsules, Shoufu (Capecitabine) tablets
Respiratory system medicines:	Zhongchang (Fudosteine) tablets
Diabetic medicines:	Taibai (Metformin Hydrochloride) sustained release tablets

The medicines which have received Good Manufacturing Practice (“GMP”) certifications issued by the State Food and Drug Administration of the PRC are in the following dosage forms: large volume injections, small volume injections, PVC-free soft bags for intravenous injections, capsules, tablets, powdered medicines and granulated medicines. The Group also received the GMP certification for health food in capsules from the Department of Health of Jiangsu Province.

Beijing Tide Pharmaceutical Co. Ltd. (“Beijing Tide”), an associate of the Group, has obtained the renewed GMP certification for foreign pharmaceutical company from the Public Welfare and Health Ministry of Japan in December 2012. Thus, the Japanese pharmaceutical enterprises can assign the manufacturing of aseptic pharmaceutical products (products that are under research and products already launched to the domestic market within Japan) to Beijing Tide for export to Japan.

The Group’s several principal subsidiaries: Chia Tai – Tianqing Pharmaceutical Holdings Co. Ltd. (“CT Tianqing”), Nanjing Chia Tai Tianqing Pharmaceutical Co., Ltd. (“NJCTT”), Beijing Chia Tai Green Continent Pharmaceutical Co. Ltd. (“CTGP”), Jiangsu Chia Tai Fenghai Pharmaceutical Co., Ltd. (“Jiangsu Fenghai”), Jiangsu Chia Tai Qingjiang Pharmaceutical Co., Ltd. (“Jiangsu Qingjiang”), Qingdao Chia Tai Haier Pharmaceutical Co., Ltd. (“Qingdao Haier”), Shanghai Tongyong Pharmaceutical Co., Ltd. (“Shanghai Tongyong”) and Lianyungang Runzhong Pharmaceutical Co., Ltd. (“LYG Runzhong”) have been designated “High and New Technology Enterprises”. CT Tianqing was designated “2011 Most Valuable Investment Enterprise of the PRC Pharmaceutical Enterprises” from the PRC Pharmaceutical Industry Information Centre. In addition, NJCTT, Jiangsu Qingjiang and Jiangsu Fenghai have been designated “Engineering Technological Research Centre for treating tumors and cardio-cerebral phytochemistry injections of Jiangsu Province”, “Orthopedic Medicines Engineering Technological Research Centre” and “Engineering Technological Research Centre for Anorectal Nutritious Medicines” by The Science and Technology Committee of Jiangsu Province, respectively.

Named by the Ministry of Personnel of the PRC as a “Postdoctoral Research and Development Institute”, the research center of CT Tianqing is also the only “New Hepatitis Medicine Research Center” in the country.

In September 2011, CT Tianqing has received the first certificate of new edition GMP (Certificate No. CN20110001) issued by the State Food and Drug Administration of the PRC for its small volume parenteral solution (injection) dosage.

The Company has been selected as a constituent of Hang Seng Composite Industry Index – Consumer Goods and Hang Seng Composite SmallCap Index with effect from 8 March, 2010.

The Company has become a constituent of the MSCI Global Standard Indices' MSCI China Index with effect from the close of trading on 31 May, 2013.

The Company has been included on Forbes Asia's "Fabulous 50" list for 2016 among Asia Pacific's biggest publicly-traded companies on 25 August, 2016.

The Group's website: <http://www.sinobiopharm.com>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Industry Overview**

During the period under review, the global economy was still struggling on the path of recovery with major economies reporting slow growth. Other factors including the anticipated US interest rate hike, the refugees issue and Brexit all added to the risks the global economy faced. However, thanks to the policies of the PRC government in relation to structural reform and stabilizing economic growth, China achieved a 6.7% growth in gross domestic product year-on-year in the first half year and the PRC economy made progress while remaining stable at large. During an executive meeting, the PRC Premier said the government intended to promote development and advancement of the pharmaceutical industry. The "Guidance of the General Office of the State Council on the Healthy Development of the Pharmaceutical Industry", which was published in March, has also reinforced the confidence of industry players. Despite the persistence of measures like restriction on adjuvant medicines and outpatient infusion service, tendering, and renegotiation on prices, the pharmaceutical industry started to pick up in general and reported year-on-year growth of 10.3% in the first half year. The quality consistency assessment and clinical data inspection requirements subsequently implemented are aimed at regulating and facilitating development of the industry. Although these external factors have increased cost pressure on players, they have also motivated players to adjust their research and development ("R&D") strategies. The full implementation of VAT reform policies will also see the sales mode of the industry develop in a more regulated manner. In summary, the pharmaceutical industry continues to face pressure from tendering and restrictions on volume and use of adjuvant drugs, but the R&D work and operation of the entire industry are going to become more standardized, businesses will be more defined and the industry will grow in steady strides.

### **Business Review**

During the period under review, the Group actively explored different innovative marketing models to help sales, as well as established multiple communication channels with doctors and patients for the purpose of providing more professional, attentive and practical services to hospitals, doctors and patients.

Despite that the industry faced a new round of pressure from price cuts in different provinces and cities, most products of the Group still recorded stable growth. Oncology medicines including Zhiruo, Tianqingyitai, Qingweike, Gelike, Shoufu, Saiweijian, Yinishu and Yigu together make a competitive and well-established product line, reporting stable growth consistently. As for the Company's leading sellers hepatitis medicines such as Runzhong, Tianding and Ganze; cardio-cerebral medicines such as Beiqian Liesu Sodium Tablets and Kaishi, Yilunping and Tuotuo; analgesic medicines including Kaifen and Zepusi, as well as orthopedic medicine new ossified triol capsules, their competitive edges in the market have strengthened. The respiratory medicines including Tianqingsule and Chia Tai Kesu and anti-infectious medicines including Tiance and Tianjie also performed very well in the market. On the R&D front, the Group complied with national policies and conducted clinical data inspection and quality consistency assessment, and also increased investing in R&D of other medicines with clinical urgency in areas such as oncology, anti-infection, digestion and achieved satisfactory results. In the first half of 2016, the Group was granted 140 clinical approvals, three production approvals (foresomeprazole sodium andesomeprazole sodium for injection in two dosages), and made four new clinical applications and one production application. As for investment, the Group is closely monitoring any investment opportunities in key areas with government support, which cover new medicines, high-end medical equipment and specialist services and medical Big Data.

The Group recorded revenue of approximately HK\$8,039.95 million during the period under review, an increase of approximately 8.0% over the same period last year (The growth rate would have been approximately 13.3% if denominated in RMB). Before and after accounted for unrealized fair value gains and losses of equity investments and financial assets, profit attributable to the Group was approximately HK\$1,008.84 million and approximately HK\$1,008.98 million, respectively, approximately 21.2% and approximately 8.7% higher than that of the same period last year, respectively. Based on the profit attributable to the Group before and after accounted for unrealized fair value gains and losses of equity investments and financial assets, the basic earnings per share were approximately HK13.61 cents and approximately HK13.61 cents, respectively, approximately 21.2% and approximately 8.7% higher than that of the same period last year, respectively. Cash and bank balances totaled approximately HK\$3,803.41 million.

The Group continues to focus on developing specialized medicines where its strengths lie so as to build up its brand in specialist therapeutic areas. Leveraging on its existing medicine series for treating hepatitis and cardio-cerebral diseases, the Group also actively develops oncology medicines, analgesic medicines, orthopedic medicines, anti-infectious medicines, parenteral nutritious medicines, respiratory system medicines, anorectal medicines and diabetic medicines, etc.

### ***Hepatitis medicines***

For the six months ended 30 June, 2016, the sales of hepatitis medicines amounted to approximately HK\$3,724.51 million, representing approximately 46.3% of the Group's revenue.

CT Tianqing mainly produces two categories of hepatitis medicines that can protect the liver while lowering enzyme levels and combat hepatitis virus. Ganlixin injections and capsules made with ingredients extracted from Licorice have the dual effects of liver protection and lowering enzyme level. For the six months ended 30 June, 2016, its sales amounted to approximately HK\$65.78 million.

After the expiration of the protection period of the product, many replicas have emerged in the market, resulting in intensified competition. The Group thus developed Tianqingganping enteric capsules with better therapeutic effect than Ganlixin capsules and its intellectual property right being protected. Sales of the medicine amounted to approximately HK\$241.74 million in the period. In 2005, CT Tianqing launched the patented medicine Tianqingganmei injections, which are made with Isoglycyrrhizinate separated from Licorice and have bright prospects. During the period under review, the product recorded the sales of approximately HK\$1,109.47 million. The Group believes that medicine series made with ingredients extracted from Licorice will help to maintain CT Tianqing's leadership in the market for medicines protecting the liver and lowering enzyme levels.

The Group launched a patented hepatitis medicine called Mingzheng capsules in 2006. As a first-tier synthetic drug for combating hepatitis virus in the international market, the product has been well received by the market since launched with sales increasing rapidly. Mingzheng capsules have become another blockbuster product for combating hepatitis virus. For the six months ended 30 June, 2016, its sales amounted to approximately HK\$287.83 million.

CT Tianqing's self-developed new medicine for hepatitis B, Runzhong (Entecavir) dispersible tablet, has obtained the new product approval certificate and production approval in February 2010, making CT Tianqing the first pharmaceutical manufacturer to gain the approval for this product in the PRC. The product was launched to the market in March 2010. For the six months ended 30 June, 2016, the sales amounted to approximately HK\$1,798.42 million, an increase of approximately 11.9% against the same period last year. Runzhong dispersible tablet is the latest generation of guanine nucleoside analogue oral medicine used mainly for the treatment of hepatitis B. It inhibits viral replication and has lower risk of triggering the emergence of medicine-resistant virus. After Entecavir was launched in 2005, the medicine recorded strong sales growth around the world as one of the most efficacious hepatitis B medicines.

### ***Cardio-cerebral medicines***

For the six months ended 30 June, 2016, after accounted for certain pharmaceutical products not being consolidated but under the management of the Group, the sales of cardio-cerebral medicines amounted to approximately HK\$1,767.66 million, representing approximately 18.0% of the non-Generally Accepted Accounting Practice ("GAAP") adjusted enlarged revenue of the Group. The consolidated sales of cardio-cerebral medicines of the Group amounted to approximately HK\$828 million, representing approximately 10.3% of the Group's revenue.

NJCTT's Tianqingning injections is a plasma-volume expander for patients with blood volume deficiencies. As this product can be used as plasma for all blood types, it has huge market potential. For the six months ended 30 June, 2016, the product recorded the sales of approximately HK\$96.96 million, a year-on-year increase of approximately 3.2%. The sales of another pharmaceutical product, Yilunping tablets, amounted to approximately HK\$328.67 million for the six months ended 30 June, 2016, a year-on-year increase of approximately 12.7%. For the six months ended 30 June, 2016, the sales of Tuotuo calcium tablets amounted to approximately HK\$313.23 million, a year-on-year increase of approximately 30.7%.

Kaishi injections works on the Drug Delivery System (DDS) theory to improve cardio-cerebral micro-circulation blockage. It is the first micro-sphere target sustained release medicine in the PRC. The proprietary pharmaceutical technology used by the Group enhances the product to have more apparent effect than similar products in the market and occupied a substantial portion of market share. It received many awards from various countries since launched and has obtained the renewed GMP certification for foreign pharmaceutical company from the Public Welfare and Health Ministry of Japan in December 2012. For the six months ended 30 June, 2016, the sales of Kaishi injections amounted to approximately HK\$772.98 million.

### ***Oncology medicines***

For the six months ended 30 June, 2016, the sales of oncology medicines amounted to approximately HK\$876.69 million, representing approximately 10.9% of the Group's revenue.

Oncology medicines are mainly manufactured by CT Tianqing and NJCTT. For the six months ended 30 June, 2016, sales of Zhiruo injections amounted to approximately HK\$193.39 million, an increase of approximately 9.4% as compared with the same period last year. The sales of Saiweijian injections amounted to approximately HK\$175.46 million during the period under review, an increase of approximately 24.4% as compared with the same period last year. The sales of Tianqingyitai injections amounted to approximately HK\$123.01 million during the period under review, an increase of approximately 6.3% as compared with the same period last year. For the six months ended 30 June, 2016, the sales of a new product, Qingweike injections, amounted to approximately HK\$76.33 million, an increase of 16.7% as compared with the same period last year. Shoufu tablets was launched in February 2014. For the six months ended 30 June, 2016, its sales amounted to approximately HK\$87.01 million, an increase of approximately 80.9% as compared with the same period last year. Sales of Gelike capsules for the six months ended 30 June, 2016 amounted to approximately HK\$74.19 million, an increase of approximately 29.0% as compared with the same period last year. Sales of Yilishu tablets for the six months ended 30 June, 2016 amounted to approximately HK\$41.74 million, an increase of approximately 69.2% as compared with the same period last year.

### ***Analgesic medicines***

For the six months ended 30 June, 2016, after accounted for certain pharmaceutical products not being consolidated but under the management of the Group, the sales of analgesic medicines amounted to approximately HK\$826.31 million, representing approximately 8.4% of the non-GAAP adjusted enlarged revenue of the Group.

Launched in 2005, the analgesic medicine Kaifen injections is a Flurbiprofen Axetil microsphere target sustained release analgesic injection produced based on the DDS theory and enabled by advanced target technology. The product is developed and manufactured by Beijing Tide and is famous for strong pain relieving effect with minimal side effects. The sales of the product for the six months ended 30 June, 2016 amounted to approximately HK\$666.96 million, approximately 12.7% higher than that of the same period last year.

### ***Orthopedic medicines***

For the six months ended 30 June, 2016, the sales of orthopedic medicines amounted to approximately HK\$571.48 million, representing approximately 7.1% of the Group's revenue.

The main product of orthopedic medicines is the new ossified triol capsules. For the six months ended 30 June, 2016, its sales amounted to approximately HK\$416.36 million, rose by approximately 13.8% as compared with the same period last year. For the six months ended 30 June, 2016, the sales of another product, Jiuli tablets, amounted to approximately HK\$96.27 million.

### ***Anti-infectious medicines***

For the six months ended 30 June, 2016, the sales of anti-infectious medicines amounted to approximately HK\$490.89 million, representing approximately 6.1% of the Group's revenue.

The main product of anti-infectious medicines is Tiance injections. For the six months ended 30 June, 2016, its sales amounted to approximately HK\$407.02 million, approximately 2.6% higher than that of the same period last year.

### ***Parenteral nutritious medicines***

For the six months ended 30 June, 2016, the sales of parenteral medicines amounted to approximately HK\$438.14 million, representing approximately 5.4% of the Group's revenue.

The main product of parenteral nutritious medicines is Xinhaineng injections. For the six months ended 30 June, 2016, its sales amounted to approximately HK\$313.12 million. For the six months ended 30 June, 2016, the sales of Fenghaineng fructose injections amounted to approximately HK\$121.01 million, an increase by approximately 3.3% as compared with the same period last year.

### ***Respiratory system medicines***

For the six months ended 30 June, 2016, the sales of respiratory medicines amounted to approximately HK\$323.18 million, representing approximately 4.0% of the Group's revenue.

The main product of respiratory system medicines is Tianqingsule inhalation powder. For the six months ended 30 June, 2016, its sales amounted to approximately HK\$191.20 million, an increase by approximately 26.5% as compared with the same period last year. For the six months ended 30 June, 2016, the sales of another pharmaceutical product, Chia Tai Suke tablets, amounted to approximately HK\$97.92 million, an increase of approximately 43.6% as compared with the same period last year.



### *Anorectal medicines*

For the six months ended 30 June, 2016, the sales of anorectal medicines amounted to approximately HK\$145.35 million, representing approximately 1.8% of the Group's revenue.

The main product of anorectal medicines is Getai tablets. For the six months ended 30 June, 2016, its sales amounted to approximately HK\$108.05 million, an increase by approximately 16.2% as compared with the same period last year.

### *Diabetic medicines*

For the six months ended 30 June, 2016, the sales of diabetic medicines amounted to approximately HK\$55.03 million, representing approximately 0.7% of the Group's revenue.

The main diabetic medicine of the Group, Taibai sustained release tablets, which is used for lowering blood sugar level, was developed and manufactured by CT Tianqing. There are more than 90 million diabetics in the PRC and the Metformin Hydrochloride has been identified as a first-tier medicine for lowering blood sugar level. As Taibai sustained release tablets has sustained release capability, it can stabilize a patient's blood sugar level. For the six months ended 30 June, 2016, the sales of the product amounted to approximately HK\$44.91 million, an increase by approximately 14.7% as compared with the same period last year.

### **R&D**

The Group has continued to focus its R&D efforts on new cardio-cerebral, hepatitis, oncology, analgesic and respiratory system medicines. During the second quarter, the Group was granted 27 clinical approvals. Moreover, a total of 409 pharmaceutical products had obtained clinical approval, or were under clinical trial or applying for production approval. Out of these, 53 were for cardio-cerebral medicines, 18 for hepatitis medicines, 165 for oncology medicines, 22 for respiratory system medicines, 21 for diabetic medicines and 130 for other medicines.

Over the years, the Group has been placing high importance on the development of proprietary innovative medicines and generic drugs by itself, as well as through collaboration and imitation, to raise both R&D standards and efficiency. In light of the fact that R&D continues to be the lifeblood of the Group's development, the Group continues to devote into more resources. For the six months ended 30 June, 2016, the R&D expenditure of approximately HK\$1,086.46 million, which accounted for approximately 13.5% of the Group's revenue, was charged to the statement of profit or loss.

The Group also places major emphasis on the protection of intellectual property rights. It encourages its enterprises to apply for patent applications as a means to enhance the Group's core competitiveness. During the second quarter, the Group has made 105 new patent applications (102 invention patents and 3 utility model patents) and received 49 patent license notices (all are invention patents). Altogether, the Group has obtained 508 invention patent approvals, 12 utility model patents and 53 apparel design patents.

## **INVESTOR RELATIONS**

The Group has committed itself in maintaining high standards of corporate governance to ensure sustainable growth over the long-term. During the period under review, the Group has fulfilled this commitment by maintaining effective communications with local and overseas investors via a variety of channels. These communications have enriched investors' understanding of the Group's operation and also effectively shared its latest business developments. The Group has always been aware of the importance of good investor relations to corporate management, as such, efforts have also been made to solicit opinions and to obtain pertinent information through regular investor meetings in order to further elevate its corporate governance standards.

During the period under review, the Group has proactively lobbied with a number of initiatives to deliver the latest business information to investors in a timely manner. It has participated in a number of large scale investor conferences and roadshows held in Europe, U.S. and Asia, including "12th Annual J.P. Morgan Global China Summit", "Bank of America Merrill Lynch 2016 Human Capital Conference" and "Credit Suisse 19th Annual Asian Investment Conference". Moreover, the Group has arranged factory site visits, teleconferences and one-on-one meetings with international and local institutional investors. Altogether, these investor relations events have helped more than 200 potential investors to increase their knowledge about the Group's latest development and operations, thereby solidifying the confidence of shareholders, investors and customers in the Group's business.

In addition, the Group posts its annual and interim reports, and issues quarterly, interim and annual results announcements, disclosures and circulars on its corporate website as well as on the website of Hong Kong Exchanges and Clearing Limited. The Group also issues corporate announcements in a timely manner to inform shareholders and investors about its latest developments, further facilitating a high degree of transparency.

## **CORPORATE GOVERNANCE CODE**

In the opinion of the Directors, the Company had complied with all the Code Provisions set out in the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") ("Listing Rules") for the six months ended 30 June, 2016 except for Code Provisions E.1.2 and A.6.7 in relation to attendance of the annual general meeting of the Company (the "AGM") by the Chairman of the Board and Independent Non-executive Directors (INEDs), respectively. The Chairman of the Board and two INEDs were unable to attend the AGM held on 15 June, 2016 due to other business engagements. The Chief Executive Officer of the Company took the chair of the AGM and two INEDs together with other Executive Directors were present thereat to be available to answer questions of shareholders.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than Appendix 10 of the Listing Rules (the “Model Code”). Having made specific enquiry of all Directors, it was confirmed that for the six months ended 30 June, 2016 all Directors have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by Directors adopted by the Company.

## **LIQUIDITY AND FINANCIAL RESOURCES**

The Group’s liquidity remains strong. During the period under review, the Group’s primary source of funds was cash derived from operating activities. As at 30 June, 2016, the Group’s cash and bank balances were approximately HK\$3,803.41 million (31 December, 2015: approximately HK\$2,711.06 million).

## **CAPITAL STRUCTURE**

As at 30 June 2016, the Group had short term loans of approximately HK\$1,407.10 million (31 December, 2015: approximately HK\$1,419.99 million) and had long term loans of approximately HK\$322.26 million (31 December, 2015: approximately HK\$306.06 million).

## **CHARGE ON ASSETS**

As at 30 June, 2016, the Group had the charge on assets of approximately HK\$534.79 million (31 December, 2015: approximately HK\$533.72 million).

## **CONTINGENT LIABILITIES**

As at 30 June, 2016, the Group and the Company had no material contingent liabilities (31 December, 2015: Nil).

## **ASSETS AND GEARING RATIO**

As at 30 June, 2016, the total assets of the Group amounted to approximately HK\$18,343.96 million (31 December, 2015: approximately HK\$16,482.62 million) whereas the total liabilities amounted to approximately HK\$7,670.64 million (31 December, 2015: approximately HK\$6,039.57 million). The gearing ratio (total liabilities over total assets) was approximately 41.8% (31 December, 2015: approximately 36.6%).

## **EMPLOYEE AND REMUNERATION POLICIES**

The Group had 16,196 employees as at 30 June, 2016 and remunerates its employees based on their performance, experience and the prevailing market rates. Other employee benefits include mandatory provident fund, insurance and medical coverage, subsidized training programmes as well as a share option scheme. Total staff cost (including Directors’ remuneration) for the period was approximately HK\$651,437,000 (2015: approximately HK\$613,251,000).

## **EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES**

Most of the assets and liabilities of the Group were denominated in Renminbi, US dollars and HK dollars. In the PRC, foreign investment enterprises are authorized to convert Renminbi to foreign currency in respect of current account items (including payment of dividend and profit to the foreign joint venture partner). The exchange rate of HK dollars and US dollars is pegged under the fixed linked system over a long period of time. The Directors consider that the Group is not significantly exposed to foreign currency risk and no hedging or other alternatives have been implemented.

## **PROSPECTS**

To align with the missions of the hospital reform and related medical insurance requirements, hospitals have to continue to strictly decrease the percentage of medicines, restrict usage of adjuvant medicines and be price sensitive in vetting tenders. Undoubtedly, these measures have created operating pressure on the pharmaceutical industry to a certain extent and such pressure is expected to persist in the future. At the same time, the R&D and production costs of pharmaceutical products have substantially increased as a result of reforms in the quality consistency assessment of generic drugs, clinical data inspection and approval system. In the latest “Guidance of the General Office of the State Council on the Healthy Development of the Pharmaceutical Industry” published, the pharmaceutical industry is being described as a rising industry, which brings benefits to people’s lives and braces economic growth. Such guidance also proposed new objectives and specific measures to help promote transformation and upgrade, thus the healthy development, of the industry. These concrete measures have restored industry confidence to a good extent. Therefore, the Company, while expecting the pharmaceutical industry to continue to still feel the pressure in the second half year, believes the industry will develop as a whole in a healthier and more standardized manner. Competent enterprises will benefit from the market consolidation and be able to unearth more development opportunities.

## **APPRECIATION**

On behalf of the Board, I would like to express my gratitude to our shareholders for their trust, support and understanding, as well as to all staff for their dedication and diligence.

## RESULTS

The Board announces the unaudited consolidated results of the Group for the six months ended 30 June, 2016 together with the comparative consolidated results for 2015 as follows:

### Consolidated Statement of Profit or Loss

		For the six months ended 30 June,	
	Notes	2016 HK\$'000 (Unaudited)	2015 HK\$'000 (Unaudited)
<b>REVENUE</b>	3	<b>8,039,948</b>	7,442,910
Cost of sales		<b>(1,705,700)</b>	(1,703,917)
Gross profit		<b>6,334,248</b>	5,738,993
Other income and gains	3	<b>148,116</b>	276,223
Selling and distribution costs		<b>(3,421,990)</b>	(3,115,930)
Administrative expenses		<b>(493,341)</b>	(486,434)
Other expenses		<b>(1,133,680)</b>	(1,085,615)
Finance cost	4	<b>(33,097)</b>	(43,642)
Share of profits and losses of associates		<b>204,668</b>	187,789
<b>PROFIT BEFORE TAX</b>	5	<b>1,604,924</b>	1,471,384
Income tax expense	6	<b>(239,435)</b>	(256,531)
<b>PROFIT FOR THE PERIOD</b>		<b>1,365,489</b>	1,214,853
Profit attributable to:			
Owners of the parent		<b>1,008,983</b>	928,180
Non-controlling interests		<b>356,506</b>	286,673
		<b>1,365,489</b>	1,214,853
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	8		
– Basic and diluted		<b>HK13.61 cents</b>	HK12.52 cents

Details of the dividend payable and declared for the period are disclosed in note 7 of this announcement.

## Consolidated Statement of Comprehensive Income

	For the six months ended 30 June,	
	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
<b>PROFIT FOR THE PERIOD</b>	<b>1,365,489</b>	<b>1,214,853</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(132,530)	10,909
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	(132,530)	10,909
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:		
Reversal on available-for-sale investment revaluation	–	(1,206)
Net other comprehensive loss not to be reclassified to profit or loss in subsequent periods	–	(1,206)
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>(132,530)</b>	<b>9,703</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>1,232,959</b>	<b>1,224,556</b>
Attributable to:		
Owners of the parent	947,497	936,340
Non-controlling interests	285,462	288,216
	<b>1,232,959</b>	<b>1,224,556</b>

## Consolidated Statement of Financial Position

	<i>Notes</i>	<b>30 June, 2016 HK\$'000 (Unaudited)</b>	31 December, 2015 HK\$'000 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		2,696,700	2,656,187
Investment properties		483,481	496,489
Properties under development		518,931	529,735
Prepaid land lease payments		325,032	333,884
Goodwill		110,642	110,709
Other intangible assets		212,088	198,907
Investments in associates		1,336,468	1,258,323
Available-for-sale investments		401,131	368,351
Financial assets designated at fair value through profit or loss		222,712	224,989
Deferred tax assets		256,389	214,966
Prepayments		165,246	154,347
Total non-current assets		<u>6,728,820</u>	<u>6,546,887</u>
<b>CURRENT ASSETS</b>			
Inventories		946,248	950,148
Trade and bills receivables	9	2,557,873	1,866,408
Prepayments, deposits and other receivables		2,135,646	1,527,610
Available-for-sale investments		1,677,408	2,419,678
Equity investments at fair value through profit or loss		494,557	460,826
Cash and bank balances	10	3,803,408	2,711,061
Total current assets		<u>11,615,140</u>	<u>9,935,731</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	11	807,212	767,592
Tax payable		134,592	257,221
Other payables and accruals		4,771,170	3,079,249
Interest-bearing bank borrowings		1,407,102	1,419,990
Total current liabilities		<u>7,120,076</u>	<u>5,524,052</u>
<b>NET CURRENT ASSETS</b>		<u>4,495,064</u>	<u>4,411,679</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>11,223,884</u>	<u>10,958,566</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred government grants		165,828	141,638
Interest-bearing bank borrowings		322,256	306,062
Deferred tax liabilities		62,481	67,821
Total non-current liabilities		<u>550,565</u>	<u>515,521</u>
Net assets		<u>10,673,319</u>	<u>10,443,045</u>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	12	185,305	185,305
Reserves		8,184,531	7,570,583
Non-controlling interests		8,369,836	7,755,888
		2,303,483	2,687,157
Total equity		<u>10,673,319</u>	<u>10,443,045</u>

## 1. BASIS OF PREPARATION

These consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance. The financial statements have been prepared under the historical cost convention, except for certain buildings classified as property, plant and equipment and equity investments which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except when otherwise indicated.

The unaudited consolidated financial information should be read in conjunction with the 2015 annual financial statements.

The accounting policies and methods of computation used in the preparation of this unaudited consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 December, 2015.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June, 2016. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.



If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## **2. OPERATING SEGMENT INFORMATION**

The management considers the business from products/services perspective. The three reportable segments are as follows:

- (a) the modernized Chinese medicines and chemical medicines segment comprises the manufacture, sale and distribution of the modernized Chinese medicine products and chemical medicine products;
- (b) the investment segment is engaged in long term and short term investments; and
- (c) the other segment comprises, principally, (i) the Group's R&D sector which provides services to third-party; and (ii) related healthcare and hospital business.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax.

Segment assets exclude deferred tax assets and investments in associates as these assets are managed on a group basis.

Segment liabilities exclude tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

The segment results for the six months ended 30 June, 2016

	<b>Modernized Chinese medicines and chemical medicines HK\$'000</b>	<b>Investment HK\$'000</b>	<b>Others HK\$'000</b>	<b>Total HK\$'000</b>
<b>Segment revenue:</b>				
Sales to external customers	<u>7,781,358</u>	<u>2,154</u>	<u>256,436</u>	<u>8,039,948</u>
<b>Segment results</b>	<u>1,696,089</u>	<u>(146,282)</u>	<u>17,527</u>	<u>1,567,334</u>
<i>Reconciliation:</i>				
Interest and unallocated gains				18,454
Share of profits and losses of associates				204,668
Unallocated expenses				<u>(185,532)</u>
Profit before tax				1,604,924
Income tax expense				<u>(239,435)</u>
Profit for the period				<u>1,365,489</u>
<b>Assets and liabilities</b>				
Segment assets	11,880,411	3,747,289	1,123,403	16,751,103
<i>Reconciliation:</i>				
Investments in associates				1,336,468
Other unallocated assets				<u>256,389</u>
<b>Total assets</b>				<u>18,343,960</u>
Segment liabilities	5,112,970	2,053,191	307,407	7,473,568
<i>Reconciliation:</i>				
Other unallocated liabilities				<u>197,073</u>
<b>Total liabilities</b>				<u>7,670,641</u>
<b>Other segment information:</b>				
Depreciation and amortisation	<u>146,304</u>	<u>16,780</u>	<u>10,639</u>	<u>173,723</u>
Capital expenditure	<u>197,950</u>	<u>13</u>	<u>1,739</u>	<u>199,702</u>
Other non-cash expenses	<u>449</u>	<u>–</u>	<u>–</u>	<u>449</u>

The segment results for the six months ended 30 June, 2015

	Modernized Chinese medicines and chemical medicines <i>HK\$'000</i>	Investment <i>HK\$'000</i>	Others <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>				
Sales to external customers	7,198,244	–	244,666	7,442,910
<b>Segment results</b>	1,340,063	102,932	16,704	1,459,699
<i>Reconciliation:</i>				
Interest and unallocated gains				33,969
Share of profits and losses of associates				187,789
Unallocated expenses				(210,073)
Profit before tax				1,471,384
Income tax expense				(256,531)
Profit for the period				1,214,853
<b>Assets and liabilities</b>				
Segment assets	10,809,727	3,238,003	1,072,565	15,120,295
<i>Reconciliation:</i>				
Investments in associates				1,578,554
Other unallocated assets				107,905
<b>Total assets</b>				16,806,754
Segment liabilities	5,231,387	1,881,953	219,700	7,333,040
<i>Reconciliation:</i>				
Other unallocated liabilities				166,246
<b>Total liabilities</b>				7,499,286
<b>Other segment information:</b>				
Depreciation and amortisation	141,627	14,165	11,997	167,789
Capital expenditure	254,451	520,405	18,837	793,693
Other non-cash expenses	35	2	1	38

No further geographical segment information is presented as over 90% of the Group's revenue is derived from customers based in Mainland China, and over 90% of the Group's non-current assets other than available-for-sale investments and deferred tax assets are based in Mainland China.

No information about a major customer is presented as no single customer contributes to over 10% of the Group's revenue for the six months ended 30 June, 2016 and 2015.

### 3. REVENUE, OTHER INCOME AND GAINS

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

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

	<b>For the six ended 30 June,</b>	
	<b>2016</b>	<b>2015</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>		
Sale of goods	<b>8,039,948</b>	7,442,910
<b>Other income</b>		
Bank interest income	18,454	33,969
Dividend income	11,147	8,487
Government grants	25,670	8,587
Sale of scrap materials	611	617
Investment income	60,219	93,387
Gross rental income	3,036	–
Others	28,837	35,656
	<b>147,974</b>	180,703
<b>Gains</b>		
Fair value gains		
Equity investments at fair value through profit or loss – held for trading	142	95,520
	<b>142</b>	95,520
<b>Total other income and gains</b>	<b>148,116</b>	276,223

### 4. FINANCE COST

	<b>For the six ended 30 June,</b>	
	<b>2016</b>	<b>2015</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Interest on bank borrowings	<b>33,097</b>	43,642

## 5. PROFIT BEFORE TAX

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

	<b>For the six ended 30 June,</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Cost of sales	1,705,700	1,703,917
Depreciation of property, plant and equipment	155,319	163,311
Depreciation of investment properties	13,002	–
Recognition of prepaid land lease payments	1,572	1,601
Amortization of other intangible assets	3,830	2,877
Research and development costs	1,086,460	1,019,754
Bank interest income	(18,454)	(33,969)
Dividend income	(11,147)	(8,487)
Investment income	(60,219)	(93,387)
Fair value losses/(gains), net:		
Equity investments at fair value through profit or loss		
– held for trading	(142)	(95,520)
Minimum lease payments under operating leases	9,800	8,872
Auditors' remuneration	2,318	2,350
Staff cost (including directors' remuneration)		
Wages and salaries	540,513	508,733
Pension contributions	110,924	104,518
	<u>651,437</u>	<u>613,251</u>
Accrual of impairment loss of trade receivables	76	58,271
Foreign exchange differences, net	38,791	(14,209)

## 6. INCOME TAX EXPENSE

	<b>For the six ended 30 June,</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Group:		
Current – Hong Kong	–	–
Current – Mainland China income tax	293,197	210,236
Deferred tax	(53,762)	46,295
	<u>239,435</u>	<u>256,531</u>
Total tax charge for the period	<u><u>239,435</u></u>	<u><u>256,531</u></u>

Hong Kong profits tax has been provided at a rate of 16.5% (2015: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates based on existing legislation, interpretations and practices in respect thereof.

During the six months ended 30 June, 2016, CT Tianqing, NJCTT, Jiangsu Fenghai, Jiangsu Qingjiang, Qingdao Haier, Shanghai Tongyong, LYG Runzhong and CTGP were subject to a corporate income tax rate of 15% because they are qualified as a “High and New Technology Enterprise”.

Other than the above mentioned entities, the other entities located in the PRC are subject to a corporate income tax rate of 25% in 2016.

## 7. DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has declared a quarterly dividend of HK1.5 cents per ordinary share for the three months ended 30 June, 2016 (2015: HK1.5 cents). The dividend will be paid to shareholders on Thursday, 29 September, 2016 whose names appear on the Register of Members of the Company on Thursday, 15 September, 2016. For the purpose of determining shareholders who are qualified for the second quarterly dividend, the register of members of the Company will be closed from Wednesday, 14 September, 2016 to Thursday, 15 September, 2016, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the second quarterly dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong by 4:30 p.m. on Tuesday, 13 September, 2016.

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

The calculation of basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent for the period of approximately HK\$1,008,983,000 (2015: approximately HK\$928,180,000), and the weighted average number of ordinary shares of 7,412,192,209 (2015: 7,412,192,209 (*Restated*))(as to reflect the bonus shares issued in 2015) in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during these two periods.

## 9. TRADE AND BILL RECEIVABLES

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 ranges from 60 days to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group’s trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

An aged analysis of the Group’s trade and bill receivables as at the end of reporting period, based on invoice date and net of provisions, is as follows:

	<b>30 June, 2016</b>	31 December, 2015
	<i>HK\$’000</i>	<i>HK\$’000</i>
	<b>(Unaudited)</b>	(Audited)
Current to 90 days	2,372,343	1,603,326
91 days to 180 days	149,351	235,107
Over 180 days	36,179	27,975
	<u>2,557,873</u>	<u>1,866,408</u>

## 10. CASH AND BANK BALANCES

	<b>30 June, 2016 HK\$'000 (Unaudited)</b>	31 December, 2015 HK\$'000 (Audited)
Cash and bank balances, unrestricted	2,109,737	1,230,422
Time deposits with original maturity of less than three months	1,545,711	1,300,457
Time deposits with original maturity of more than three months	147,960	180,182
	<u>3,803,408</u>	<u>2,711,061</u>

## 11. TRADE AND BILLS PAYABLES

An aged analysis of the Group's trade and bills payables as at the end of reporting period, based on invoice date, is as follows:

	<b>30 June, 2016 HK\$'000 (Unaudited)</b>	31 December, 2015 HK\$'000 (Audited)
Current to 90 days	620,175	617,372
91 days to 180 days	123,748	111,786
Over 180 days	63,289	38,434
	<u>807,212</u>	<u>767,592</u>

## 12. SHARE CAPITAL

	<b>30 June, 2016 HK\$'000 (Unaudited)</b>	31 December, 2015 HK\$'000 (Audited)
<b><i>Issued and fully paid:</i></b>		
7,412,192,209 ordinary shares of HK\$0.025 each (2015: 7,412,192,209 ordinary shares of HK\$0.025 each)	<u>185,305</u>	<u>185,305</u>

## **INDEPENDENT NON-EXECUTIVE DIRECTORS, AUDIT COMMITTEE AND REVIEW OF RESULTS**

The Group has complied with Rules 3.10 and 3.10(A) of the Listing Rules relating to the appointment of a sufficient number of the INEDs and at least an INED with appropriate professional qualifications, or accounting or related financial management expertise. The Company has appointed four INEDs including two with financial management expertise. Details of their biographies have been set out in the 2015 Annual Report of the Company.

The Audit Committee is comprised of three INEDs. It has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited consolidated financial statements of the Company for the six months ended 30 June, 2016.

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

For the period from 1 January, 2016 to 30 June, 2016, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board  
**Sino Biopharmaceutical Limited**  
**Tse, Theresa Y Y**  
*Chairlady*

Hong Kong, 26 August, 2016

*As at the date of this announcement, the Board of the Company comprises six Executive Directors, namely Miss Tse, Theresa Y Y, Mr. Tse Ping, Mr. Tse Hsin, Mr. Wang Shanchun, Mr. Tian Zhoushan and Ms. Li Mingqin and four Independent Non-Executive Directors, namely Mr. Lu Zhengfei, Mr. Li Dakui, Ms. Lu Hong and Mr. Zhang Lu Fu.*