D&G TECHNOLOGY HOLDING COMPANY LIMITED
德基科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1301)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS	**2015**	2014	Change
	RMB'000	*RMB'000*	
RESULTS			
Revenue	**390,027**	444,313	-12.2%
Gross profit	**165,408**	184,183	-10.2%
Profit attributable to equity shareholders of the Company	**30,788**	74,326	-58.6%
Profit attributable to equity shareholders of the Company before listing expenses and provision for impairment losses of trade receivables	**56,221**	81,709	-31.2%
Proposed dividends per share *(HK cents)*			
Final	**1.8**	–	
Special final	**1.5**	–	
KEY BALANCE SHEET ITEMS			
Total assets	**974,505**	590,600	
Total liabilities	**212,239**	323,520	
Total equity	**762,266**	267,080	

The board of directors (the "Board" or the "Directors") of D&G Technology Holding Company Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015 together with the comparative figures for the previous year, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
REVENUE	*4*	**390,027**	444,313
Cost of sales		**(224,619)**	(260,130)
Gross profit		**165,408**	184,183
Other income	*5*	**4,241**	4,686
Distribution costs		**(38,695)**	(39,084)
Administrative expenses		**(84,137)**	(46,637)
Profit from operations		**46,817**	103,148
Finance costs	*6(a)*	**(4,454)**	(1,808)
PROFIT BEFORE TAXATION	*6*	**42,363**	101,340
Income tax	*7*	**(11,575)**	(18,182)
PROFIT FOR THE YEAR		**30,788**	83,158
Attributable to:			
Equity shareholders of the Company		**30,788**	74,326
Non-controlling interests		**–**	8,832
		30,788	83,158
EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY	*9*		
Basic and diluted *(RMB cents)*		**5.91**	19.66

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
PROFIT FOR THE YEAR		**30,788**	83,158
OTHER COMPREHENSIVE INCOME FOR THE YEAR THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS			
Exchange differences on translation of financial statements of overseas entities		**13,549**	660
Other comprehensive income for the year		**13,549**	660
Total comprehensive income for the year		**44,337**	83,818
Attributable to:			
Equity shareholders of the Company		**44,337**	74,986
Non-controlling interests		**–**	8,832
		44,337	83,818

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Note	**2015** *RMB'000*	2014 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**85,274**	64,555
Lease prepayments		**5,357**	5,488
Trade and bills receivables		**8,128**	23,796
Other non-current assets		**2,382**	1,727
Deferred tax assets		**10,860**	7,960
		112,001	103,526
CURRENT ASSETS			
Inventories	*10*	**131,757**	113,776
Trade and bills receivables	*11*	**379,969**	289,224
Other receivables		**19,458**	48,892
Bank deposits	*12*	**162,439**	6,575
Cash and cash equivalents		**168,881**	28,607
		862,504	487,074
CURRENT LIABILIITIES			
Loans and borrowings	*13*	**103,381**	162,546
Trade and bills payables	*14*	**68,190**	72,985
Other payables		**36,463**	81,220
Income tax payable		**4,205**	6,769
		212,239	323,520
Net current assets		**650,265**	163,554
NET ASSETS		**762,266**	267,080
EQUITY			
Share capital	*15*	**4,888**	–
Reserves		**757,378**	267,080
TOTAL EQUITY		**762,266**	267,080

Notes

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Law, (Cap.22) (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to the completion of various steps of the group reorganisation, the Company became the holding company of the companies comprising the Group on 31 December 2014.

The Company's shares were listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 May 2015 (the "Listing Date").

The Group is principally engaged in manufacturing, distribution, research and development of asphalt mixing machinery.

2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand. It is prepared on the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKAS 19, *Employee benefits: Defined benefit plans: Employee contributions*
- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

4. REVENUE AND SEGMENT REPORTING

(a) Revenue

The amount of each significant category of revenue is as follows:

	2015	2014
	RMB'000	*RMB'000*
Sales of asphalt mixing machinery	**321,436**	385,568
Sales of spare parts and provision of equipment modification services	**26,286**	34,012
Operating lease income of asphalt mixing machinery	**42,305**	24,733
	390,027	444,313

(b) Segment reporting

HKFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the sales and operating lease of asphalt mixing machinery and other relevant spare parts and provision of equipment modification services.

(i) Information about geographical area

The following tables set out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment. The geographical location of revenue is based on the selling location. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment.

	Revenue from external customers		**Specified non-current assets**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Mainland China	**352,524**	405,326	**84,757**	64,555
Outside Mainland China	**37,503**	38,987	**517**	-
	390,027	444,313	**85,274**	64,555

5. OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Interest income	**1,693**	824
Government grants	**2,295**	453
Rental income from investment properties, net of direct operating expenses	**–**	1,372
Net (loss)/gain on disposal of property, plant and equipment	**(54)**	2,133
Others	**307**	(96)
	4,241	4,686

6. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2015	2014
	RMB'000	*RMB'000*
Interest on loans and borrowings	**2,397**	1,716
Discounted bills interest	**176**	12
Net foreign exchange loss	**1,830**	80
Others	**51**	–
	4,454	1,808

(b) Staff costs

Salaries, wages and other benefits	**41,861**	33,579
Contributions to defined contribution plans	**9,654**	8,876
	51,515	42,455

(c) Other items

Depreciation		
Assets held for use under operating leases	**5,984**	3,632
Other assets	**4,620**	5,702
	10,604	9,334
Amortisation		
Lease prepayments	**131**	200
Intangible assets	**218**	217
	349	417
Operating lease charges	**2,079**	1,358
Product warranty costs	**1,554**	1,487
Research and development costs	**8,678**	8,794
Impairment losses on trade receivables	**16,544**	4,765
Auditors' remuneration		
Audit services	**2,200**	448
Tax related services	**180**	–
Others	**2,041**	1,204
Cost of inventories#	**212,798**	254,271

Cost of inventories includes RMB17,827,000 and RMB15,280,000 for the years ended 31 December 2015 and 2014 respectively, relating to staff costs and depreciation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

7. INCOME TAX

	2015	2014
	RMB'000	*RMB'000*
Current tax		
Provision for PRC income tax for the year	**15,055**	20,078
(Over)/under-provision in prior year	**(580)**	103
Deferred tax		
Origination and reversal of temporary differences	**(2,900)**	(1,999)
	11,575	18,182

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

No provision for Hong Kong profits tax was made for the subsidiaries incorporated in Hong Kong as the subsidiaries did not have assessable profits subject to Hong Kong profits tax during the above periods. The payments of dividends by Hong Kong companies are not subject to any withholding tax.

No provision for Singapore income tax was made for the subsidiary incorporated in Singapore as the subsidiary did not have sufficient profits subject to Singapore income tax during the above periods.

The Group's subsidiaries in the People's Republic of China ("PRC", "China" or "Mainland China") are subject to the PRC Corporate Income Tax rate of 25%.

(ii) According to the PRC Enterprise Income Tax Law and its relevant regulations, entities that are qualified as high-technology enterprises under the tax law are entitled to a preferential income tax rate of 15%. The Company's subsidiary, Langfang D&G Machinery Technology Company Limited* 廊坊德基機械科技有限公司 ("LFDG") obtained the approvals of high-technology enterprises in the year 2011. Accordingly, LFDG was entitled to preferential income tax rate of 15% for the years from 2011 to 2013. LFDG has further obtained the renewal of its high-technology enterprise qualification on 19 September 2014 and completed the filing procedures with Langfang local tax authority on 10 April 2015, and is entitled to the preferential EIT rate of 15% for the years from 2014 to 2016.

(iii) Under the PRC Enterprise Income Tax Law and its relevant regulations, a 50% additional tax deduction is allowed for qualified research and development expenses.

* *For identification purposes only*

8. DIVIDENDS

	2015	2014
	RMB'000	RMB'000
Proposed final – HK1.8 cents (2014: Nil) per ordinary share	**9,356**	–
Proposed special final – HK1.5 cents (2014: Nil) per ordinary share	**7,797**	–
	17,153	–

The final dividend and special final dividend proposed after the end of reporting period has not been recognised as a liability at the end of reporting period.

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB30,788,000 (2014: RMB74,326,000) and the weighted average of 521,382,997 ordinary shares (2014: 378,000,000 shares) in issue during the year, calculated as follows:

The weighted average number of shares in issue during the year ended 31 December 2015 is based on the assumption that 378,000,000 ordinary shares of the Company were in issue, comprising 8,400 shares in issue and 377,991,600 shares issued pursuant to the capitalisation issue, as if these shares were outstanding throughout the period from 1 January 2015 to the Listing Date, and reflects the weighting of 72,000,000 shares issued pursuant to the capitalisation of shareholder's loans, 150,000,000 shares issued under initial public offering and 19,258,000 shares issued under over-allotment. The weighted average number of shares in issue during the year ended 31 December 2014 is based on the assumption that 378,000,000 shares of the Company were in issue, comprising 8,400 shares in issue and 377,991,600 shares issued pursuant to the capitalisation issue, as if the shares were outstanding throughout that period.

Weighted average number of ordinary shares

	2015	2014
Issued ordinary shares at 1 January	**8,400**	8,400
Effect of capitalisation issue on 27 May 2015	**377,991,600**	377,991,600
Effect of capitalisation of shareholder's loans on 27 May 2015	**43,200,000**	–
Effect of shares issued by public offering on 27 May 2015	**90,000,000**	–
Effect of shares issued by over-allotment on 22 June 2015	**10,182,997**	–
Weighted average number of ordinary shares at 31 December	**521,382,997**	378,000,000

There were no dilutive potential ordinary shares during the years ended 31 December 2015 and 2014, therefore, diluted earnings per share is the same as the basic earnings per share.

10. INVENTORIES

	2015	2014
	RMB'000	*RMB'000*
Raw materials	**61,734**	42,624
Work in progress	**60,603**	55,770
Finished goods	**9,420**	15,382
	131,757	113,776

11. TRADE AND BILLS RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**424,294**	329,248
Less: unrecognised interest income	**(823)**	(1,144)
	423,471	328,104
Less: provision for impairment	**(36,431)**	(19,887)
	387,040	308,217
Less: trade receivables due after one year	**(8,128)**	(23,796)
	378,912	284,421
Bills receivables	**1,057**	4,803
	379,969	289,224

Trade receivables under credit sales arrangement are due for payment in accordance with specific payment terms as agreed with individual customers on a case by case basis, subject to the fulfilment of conditions as stipulated in the respective sales contracts. Customers are required to make an upfront payment or deposit based on certain percentage of the product price as agreed on a case by case basis. The remaining sum is usually being settled by way of instalments up to a period of 18 months after the date of delivery of products. Instalment payments with terms more than one year are discounted at a rate which approximates the debtor's borrowing rate in transactions with an independent lender under comparable terms and conditions. For the year ended 31 December 2015, the weighted average discount rate was approximately 4.75% (2014: 6.15%) per annum. As at 31 December 2015, trade receivables due after one year of RMB8,128,000 (2014: RMB23,796,000) were presented net of unrecognised interest income of RMB95,000 (2014: RMB322,000).

Ageing analysis based on billing date of trade receivables (net of provision for impairment) as at the end of the financial year is as follows:

	2015	2014
	RMB'000	*RMB'000*
Less than 3 months	**84,205**	109,260
3 to 6 months	**51,247**	78,019
6 to 12 months	**127,702**	43,485
Over 12 months	**123,886**	77,453
	387,040	308,217

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired, together with the amount of trade receivables with provision of impairment losses made, are as follows:

	2015	2014
	RMB'000	*RMB'000*
Neither past due nor impaired	**165,392**	175,906
Less than 3 months past due	**47,799**	47,138
3 to 12 months past due	**51,372**	33,185
Over 12 months past due	**9,920**	5,051
Total amount past due but not impaired	**109,091**	85,374
Total amount of trade receivables with provision for impairment losses made	**112,557**	46,937
	387,040	308,217

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good payment track records with the Group and did not encounter financial difficulty or fail to fulfil their original or amended repayment plan. Based on past experience with these customers and evaluation of their current creditability, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

12. BANK DEPOSITS

	2015	2014
	RMB'000	*RMB'000*
Restricted bank deposits pledged in respect of loans and borrowings	**58,500**	-
Restricted bank deposits pledged in respect of bills payable	**1,870**	6,575
Unrestricted bank deposits with an initial term of over three months but within one year	**102,069**	-
	162,439	6,575

13. LOANS AND BORROWINGS

Loans and borrowings were repayable within one year or on demand and can be analysed as follows:

	2015	2014
	RMB'000	*RMB'000*
Secured bank loans	**97,015**	32,000
Bank loan guaranteed by the Company	**6,366**	–
Bank loan guaranteed by related parties	**–**	9,459
Unsecured bank loans	**–**	4,533
Shareholder's loans	**–**	116,554
	103,381	162,546

14. TRADE AND BILLS PAYABLES

An ageing analysis of trade and bills payables based on the invoice date as at the end of the financial year is as follows:

	2015	2014
	RMB'000	*RMB'000*
Within 3 months	**52,197**	40,636
After 3 months but within 6 months	**14,637**	32,014
After 6 months but within 1 year	**1,356**	335
	68,190	72,985

15. SHARE CAPITAL

(i) Ordinary shares

		2015		2014	
	Par Value	***No. of shares***		*No. of shares*	
	HK$	***'000***	***HK$'000***	*'000*	*HK$'000*
Ordinary shares, issued and fully paid					
At 1 January	0.01	**8**	**–**	–	–
Shares issued	0.01	**–**	**–**	8	–
Capitalisation issue *(Note (iii))*	0.01	**377,992**	**3,780**	–	–
Capitalisation of shareholder's loans *(Note (iii))*	0.01	**72,000**	**720**	–	–
Public offering and over-allotment *(Note (iv))*	0.01	**169,258**	**1,693**	–	–
At 31 December	0.01	**619,258**	**6,193**	8	–
RMB equivalent *('000)*			**4,888**		–

(ii) Issue of shares upon reorganisation

The Company was incorporated in the Cayman Islands on 11 September 2014 with an authorised share capital of HK$10,000 divided into 1,000,000 shares with a par value of HK$0.01 each and 7,900 shares were allotted and issued by the Company on the date of incorporation.

In connection with the Group reorganisation, on 31 December 2014, the Company respectively allotted and issued 300 shares, 100 shares and 100 shares, to Wonderful Investment Holding Company Limited, DY Investment Holding Company Limited and Decai Investment Holding Company Limited at a consideration of HK$6,000,000, HK$2,000,000 and HK$2,000,000, respectively (equivalent to approximately RMB7,888,000 in aggregate).

On 6 May 2015, the Company increased its authorised share capital from HK$10,000 to HK$20,000,000 by the creation of an additional 1,999,000,000 shares.

(iii) Capitalisation issue and capitalisation of shareholder's loans

Pursuant to the written resolutions dated 6 May 2015, the Company allotted and issued 377,991,600 shares of HK$0.01 each to the then existing shareholders. The resolutions were conditional upon the share premium account being credited as a result of the Company's public offering and pursuant to the resolutions, a sum of HK$3,779,916 (equivalent to RMB2,983,866) standing to the credit of the share premium account as of 27 May 2015 was subsequently applied in paying up this capitalisation in full.

Pursuant to the written resolutions dated 6 May 2015, the Company also allotted and issued 72,000,000 shares of HK$0.01 each, all credited as fully paid, on the Listing Date, in full repayment of shareholder's loans in the amount of HK$205,862,101 (equivalent to RMB162,507,542). Consequently, HK$720,000 (equivalent to RMB568,368) and HK$205,142,101 (equivalent to RMB161,939,174) were recorded in share capital and share premium, respectively.

(iv) Issue of shares under public offering

On 27 May 2015, the Company issued 150,000,000 shares with a par value of HK$0.01, at a price of HK$2.28 per share by way of public offering to Hong Kong and overseas investors. On 22 June 2015, the over-allotment option was exercised and the Company allotted and issued 19,258,000 shares with a par value of HK$0.01, at a price of HK$2.28 per share. Net proceeds from these issues amounted to RMB288,342,000 (after offsetting expenses directly attributable to the issue of shares of RMB16,241,000), out of which RMB1,336,000 and RMB287,006,000 were recorded in share capital and share premium, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31 December 2015, the Group continued to be a leading market player in the road construction and maintenance machinery industry focusing on medium to large scale asphalt mixing plants. The Group provided one-stop customised solutions to the PRC and overseas customers, specialising in research and development, design, manufacture and sale of conventional and recycling asphalt mixing plants. The asphalt mixtures produced by the asphalt mixing plants of the Group can be used in the construction and maintenance of all levels of roads and highways.

BUSINESS REVIEW

In 2015, although China has continued its plan to increase the investment in infrastructure projects, the funds for such infrastructure projects have not been available as planned in recent months, resulting in the general hold-up of road construction and maintenance projects in China in the fourth quarter of 2015. The capital and cash flow in the road construction and maintenance industry has also become tighter and slower. Notwithstanding, the Group continued to participate in the top-tier highways construction and maintenance projects in the PRC. During the year, the Group completed the sale of 46 asphalt mixing plants and the lease of 9 asphalt mixing plants in 12 leasing contracts.

In 2015, the Group participated in various highway projects in Mainland China, including close cooperation with its customer, Hunan Road & Bridge Construction Group Co., Ltd., in a large pavement maintenance project at the Hunan Litan section of the main National Shanghai-Kunming Expressway (滬昆高速). The project deployed the Group's self-developed "drum dryer recycling technology" and is the first asphalt pavement project that adopts environmentally-friendly and low emission hot-mix plant recycling technology in the surface layer, which considered to be a technical breakthrough and can bring significant saving in material costs. 35,000 tonnes of recycled asphalt mixture was produced and paved on the surface layer of a road section of 88km long. After completion and repeated testing, it has been proven that the loading capacity, friction performance, rut-resistance, noise reduction and prevention of water penetration of the surface layer using the recycled asphalt mixture is comparable to the new asphalt mixture.

The Group also collaborated with Ganyu Transport Bureau to participate in another large national road improvement project in Lianyungang Ganyu section of National Highway 310 (310國道). The project deployed the Group's latest Monoblock recycling plant to produce a total of 32,000 tonnes recycled asphalt mixtures. In addition, the Group participated in a number of expressway projects during the year, including Jinggangao Expressway (G4), San Xi Expressway, Yue Wu Expressway, Coastal Expressway, Jinan-Dongying Expressway, Fuzhou Loop Expressway, etc.

Up to the year ended 31 December 2015, the Group has asphalt mixing plants projects in a total of 22 overseas countries, including Australia, Russia, India, Saudi Arabia, Brunei, United Arab Emirates, Kazakhstan and Mongolia, among which the first time export districts included Mozambique, Thailand and Hong Kong. The plant to be delivered to Hong Kong in 2016 is a recycling asphalt mixing plant custom designed with strong environmental protection. It will be the most comprehensive environmental asphalt mixing plant in Hong Kong.

During the year ended 31 December 2015, the Group also expanded its business and entered into potential markets.

Development of Upstream and Downstream Asphalt Related Business

Asphalt mixture is the essential asphalt road construction material. The Group is committed to the development of asphalt related business, along the supply chain with an aim to increasing income sources and raising profit. Currently, the Group is actively following up two asphalt mixture projects in Mainland China involving a total production volume of 500,000 tonnes of asphalt mixtures.

In order to enhance the Group's one-stop total solution capability to the customers as well as to implement the Group's business development plan, the Group has registered and set up a finance lease company in Shanghai Free-Trade Zone in March 2016 which will complement the business of the Group in the future.

With the initiative of "One Belt One Road" by the PRC government, a new and tailored brand of asphalt mixing plants and solutions, PRIMACH, was launched successfully in Singapore in the second half of 2015, providing customised technology and solutions targeting the needs of the customers in the countries along "One Belt One Road". The Group has set up a subsidiary in Singapore and has delivered the first PRIMACH plant to Thailand.

Research and Development

To maintain the Group's position as a leading market player in the road construction and maintenance machinery industry focusing on medium to large scale asphalt mixing plants, the Group continued to maintain the strong research and development capabilities. As at 31 December 2015, the Group had 42 registered patents in the PRC (of which 3 were invention patents), 3 patents pending registration, and 22 software copyrights.

The Group continued to cooperate with the Research Institute of Highway, Ministry of Transport (交通運輸部公路科學研究院) and Institute of Tsinghua University, Hebei (河北清華發展研究院) in a number of national technical support projects focusing on the energy saving, emission reduction, environmental protection and recycling aspects of resources recycling. The current research and development projects include "Asphalt Pavement Recycling Technology Equipment and Demonstration" (廢舊瀝青路面再生利用技術裝備及示範), which is a project subsidised by the PRC government. Research on Monoblock recycle asphalt mixing plant has completed and on-site industrial testing on Monoblock recycling plant is being carried out. In addition, collaboration with Institute of Tsinghua University, Hebei (河北清華發展研究院) on the burning system design and energy consumption optimisation project is now under on-site industrial testing.

LFDG, the major subsidiary of the Company, successfully passed the comprehensive review and expert review by Hebei Province Development and Reform Commission and other six government departments in August 2015, and is approved and authorised as a Provincial Enterprise Technical Center (河北省企業技術中心). This promotion symbolises the Group's technology innovation, research and development ability and innovation achievements have reached the advanced level in the industry. LFDG, also qualifies as a high-technology enterprise under the tax law and is entitled to a preferential income tax rate of 15%.

Marketing

The Group placed great emphasis on the marketing and promotion of the brands, products and services offered. The Group developed its sales and marketing platform with its own sales network and distributors in the PRC as well as the overseas markets. During the year, the Group held and participated in various promotional events, exhibitions and technical seminars in the PRC and overseas, such as the Hefei Transport Construction Hot-Mix Recycling Technology Seminar (合肥交建熱再生技術交流會), Project Qatar 2015 which is an important exhibition for Qatar's fast growing construction sector and CTT Moscow 2015 which is the biggest yearly construction equipment exhibition in Russia, Country-wide Hot-mix Recycling Plant Technology Seminar co-organised with Ganyu Transport, Hunan Kaisida Loudi Technology Seminar, Jinan Andi Recycling Technology Seminar and etc. Among which, the recycling technology seminar held in Ganyu in October 2015, attracted more than 300 customers and a site visit displaying the national first Monoblock Asphalt Mixing Plant was arranged.

The Group has also utilised different online platforms, including global trading B2B online platform, mobile phone websites and Wechat platform to provide better services to customers and for better brand image. Such online platforms have been launched in 2015.

Awards

With continuous innovations and the pursuit of excellence, the Group's success is widely recognised in the market. It has received various awards in 2015, including China Top 50 Construction Machinery Manufacturers, 2015 Top 50 PRC Construction Machinery Leasing Enterprises, Top 10 Best PRC After-sales Service Enterprise, Most Influential PRC Brand of Asphalt Mixing Plants and 2015 Annual Outstanding Asphalt Pavement Equipment Manufacturers.

Outlook

In 2013, the PRC government announced the strategic initiative of "One Belt One Road" with an aim to foster trading connections among Asia, Europe and Africa countries, for capital financing, infrastructure investment and policy coordination. The Group is putting effort to promote direct business relationships with customers in the countries along the "One Belt One Road" economic belt. In March 2016, the Group has signed a memorandum of understanding with an Indonesia partner PT Intraco Penta Tbk with planning to operate a joint venture to jointly develop the asphalt mixture business in Indonesia. The Group is also actively building up its business network in Asia. Currently, the Group is in discussion with potential local partners in Vietnam and Myanmar regarding the distributorship arrangement. In addition, the Group is actively pursuing various large scale "One Belt One Road" overseas projects led by state-owned enterprises. The Group is confident that with our strengths on high quality asphalt mixing plants, on-site operation and value-added services, a number of such overseas projects can be obtained.

With more awareness on environmental protection during the asphalt mixture production of the road construction and maintenance companies and the PRC government's strong desire to reduce pollution from industrial sector, there is a growing demand on our recycling and environmental friendly products. Together with the cost-saving advantages, the demand of Monoblock recycling asphalt plants as well as the modification service of adding on recycling and environmental functions to existing plants is expected to increase.

Meanwhile, the Group is committed to increasing production capacity to cater for the market demand. A painting facility with full environmental protection was built in 2015. The Group has started the construction of a three-storey Research and Development building, which is expected to complete in late August 2016 and to commence operation by the end of 2016.

"One Belt One Road" is the core development strategy in PRC covering broad spectrum of economic, political and social aspects in Mainland China and abroad. Investment in infrastructure overseas is a way of building up strategic partnerships with countries along the "One Belt One Road" regions. Looking ahead, the Group will continue to make good use of the "One Belt One Road" opportunities to develop business and explore potential markets. Domestically, infrastructure establishment and improvement is an important part of PRC's 13th Five-Year Plan. Funding of road construction projects will gradually be in place and the industry expects more projects will be implemented in order to fulfill the Government's Plan. Just in 2016 alone, it is expected that there will be 4,500km of expressway to be built and around 16,000km of national and provincial highways to be either built or renovated. The Group is confident to continue to be the leading player in the market and will use the best endeavor to bring better returns to the shareholders of the Company.

FINANCIAL REVIEW

During the year ended 31 December 2015, the Group recorded an aggregate revenue of RMB390,027,000 (2014: RMB444,313,000), representing a decrease of 12.2% as compared to that of last year. Gross profit decreased by 10.2% from RMB184,183,000 for the year ended 31 December 2014 to RMB165,408,000 for the year ended 31 December 2015. Gross profit margin increased 0.9 percentage point from 41.5% to 42.4%.

	2015	2014	Change
	RMB'000	*RMB'000*	
Sales of asphalt mixing plants	**321,436**	385,568	-16.6%
Sales of spare parts and provision of equipment modification services	**26,286**	34,012	-22.7%
Operating lease income of asphalt mixing plants	**42,305**	24,733	+71.0%
	390,027	444,313	-12.2%

Sales of Asphalt Mixing Plants

	2015	2014	Change
	RMB'000	*RMB'000*	
Revenue	**321,436**	385,568	-16.6%
Gross profit	**124,771**	150,091	-16.9%
Gross profit margin	**38.8%**	38.9%	-0.1pp
Number of contracts	**46**	59	-13
Average contract value	**6,988**	6,535	+6.9%

Revenue from the sales of asphalt mixing plants decreased as a result of the decrease in number of contracts recognised as revenue offset by the increase in average contract value completed during the year. The decrease in revenue was mainly attributable to the fact that although China has continued its plan to increase the investment in infrastructure projects, the funds for such infrastructure projects have not been available as planned in recent months, resulting in the decrease in revenue of the Group from the sales of asphalt mixing plants, spare parts and components and the provision of equipment modification services in China in the fourth quarter of 2015. The demand for large capacity and high degree of customisation of asphalt mixing plants from the customers generally resulted in the increase in the average contract value from RMB6,535,000 to RMB6,988,000 of the projects completed during the year. Gross profit margin continued to maintain at a satisfactory and high level of 38.8% during the year.

By Types of Plants

	2015	2014	Change
	RMB'000	*RMB'000*	
Recycling Plant			
Revenue	**174,670**	187,149	-6.7%
Gross profit	**69,416**	74,451	-6.8%
Gross profit margin	**39.7%**	39.8%	-0.1pp
Number of contracts	**25**	29	-4
Average contract value	**6,987**	6,453	+8.3%
Conventional Plant			
Revenue	**146,766**	198,419	-26.0%
Gross profit	**55,355**	75,640	-26.8%
Gross profit margin	**37.7%**	38.1%	-0.4pp
Number of contracts	**21**	30	-9
Average contract value	**6,989**	6,614	+5.7%

Revenue from the sales of Recycling Plants decreased by 6.7% which was mainly as a result of decrease in number of contracts offset by the increase in average contract value during the year. The increase in average contract value was mainly resulted from the demand for high capacity and high degree of customisation of asphalt mixing plants from customers. Gross profit margin maintained stable at 39.7% during the year.

Revenue from the sales of Conventional Plants decreased by 26.0% primarily because of the decrease in number of contracts offset by the increase in the average contract value during the year. The increase in average contract value was mainly resulted from the demand for high capacity asphalt mixing plants from the customers. Gross profit margin remained at relatively stable level of 37.7% during the year.

By Geographical Location

	2015	2014	Change
	RMB'000	*RMB'000*	
PRC			
Revenue	**263,872**	328,846	-19.8%
Gross profit	**108,117**	133,477	-19.0%
Gross profit margin	**41.0%**	40.6%	+0.4pp
Number of contracts	**36**	48	-12
Average contract value *(RMB'000)*	**7,330**	6,851	+7.0%
Overseas			
Revenue	**57,564**	56,722	+1.5%
Gross profit	**16,654**	16,614	+0.2%
Gross profit margin	**28.9%**	29.3%	-0.4pp
Number of contracts	**10**	11	-1
Average contract value *(RMB'000)*	**5,756**	5,157	+11.6%

Revenue from the sales in the PRC decreased primarily because of the decrease in number of contracts offset by the increase in average contract value. The decrease in revenue was mainly attributable to the fact that although China has continued its plan to increase the investment in infrastructure projects, the funds for such infrastructure projects have not been available as planned in recent months, resulting in the decrease in sales of asphalt mixing plants in the fourth quarter of 2015. Gross profit margin remained relatively stable at 41.0% during the year.

Revenue from overseas sales which included direct and indirect export sales to overseas markets slightly increased mainly because of the increase average contract value offset by the decrease in number of contracts completed during the year. Gross profit margin remained relatively stable at 28.9% during the year.

Sales of spare parts and components and provision of equipment modification services

	2015	2014	Change
	RMB'000	*RMB'000*	
Revenue	**26,286**	34,012	-22.7%
Gross profit	**10,153**	15,219	-33.3%
Gross profit margin	**38.6%**	44.7%	-6.1pp

The Group sold spare parts and components for the asphalt mixing plants to our customers as value-added services. The Group also provided equipment modification services, including modifying Conventional Plants, installing key components with recycling functions, upgrading control systems and other customised services.

Revenue from the sales of spare parts and components and provision of equipment modification services decreased during the year mainly because of the hold-up of some road construction projects and caused funding issues for some customers to consider rendering spare parts and modification services. Gross profit margin decreased mainly because there was less modification services sales during the year which generally had a higher margin than sales of spare parts and components.

Operating lease of asphalt mixing plants

	2015	2014	Change
	RMB'000	*RMB'000*	
Revenue	**42,305**	24,733	+71.0%
Gross profit	**30,484**	18,873	+61.5%
Gross profit margin	**72.1%**	76.3%	-4.2pp
Number of plants held for operating lease	**9**	5	+4

The Group offered operating lease of asphalt mixing plants directly to the customers which generally need asphalt mixing plants on a project basis. The lease contracts entered with the customers were generally with the provisions on rental per tonne and minimum production quantity commitment.

Revenue from operating lease of asphalt mixing plants increased significantly primarily because of the number of asphalt mixing plants held for operating lease increased from 5 to 9 during the year as a result of the increasing demand from the customers. After few years of operating lease experience, the Group has built up expertise and reputation in the asphalt plant operating lease business which the customers appreciate in general. Gross profit margin maintained at a high level of 72.1% during the year.

Other Income

Other income mainly represented bank interest income and government grants.

Distribution Costs

Distribution costs mainly consisted of staff costs of our sales and marketing staff, distribution fees to our distributors, freight and transportation expenses, and marketing expenses. Distribution costs represented 9.9% (2014: 8.8%) of revenue for the year ended 31 December 2015.

Administrative Expenses

Administrative expenses mainly included staff costs, research and development expenses, professional fees, provision for bad debts and depreciation. Administrative expenses increased by approximately RMB37,500,000 from RMB46,637,000 for the year ended 31 December 2014 to RMB84,137,000 for the year ended 31 December 2015, primarily due to the increase in listing and other professional expenses of approximately RMB18,624,000 and the increase in provision for impairment losses of trade receivables of approximately RMB11,779,000.

As the funds for the infrastructure projects have not been available as planned in recent months, the Group has noted that the capital and cash flow in the road construction and maintenance industry has become tighter and slower than expected. Therefore, the collection of outstanding trade receivables from the customers of the Group has been slower than that for the year ended 31 December 2014. As a result, the Group has increased the amount of the non-cash accounting provision for impairment losses of trade receivables according to its provision policy.

Finance Costs

Finance costs mainly included interest expenses on interest-bearing bank loan and borrowings and exchange loss.

Income Tax

The effective tax rate for the year ended 31 December 2015 increased from 17.9% for the year ended 31 December 2014 to 27.3% for the year ended 31 December 2015 mainly because of the listing and other professional expenses which were not tax deductible, offset by the preferential income tax rate of 15% entitled by a subsidiary in the PRC as a "high-technology enterprise".

Profit Attributable to Equity Shareholders of the Company

Profit attributable to equity shareholders of the Company decreased by 58.6% from RMB74,326,000 for the year ended 31 December 2014 to RMB30,788,000 for the year ended 31 December 2015 as a result of the above-mentioned factors.

Working Capital Management

Net current assets of the Group amounted to RMB650,265,000 (2014: RMB163,554,000) with a current ratio of 4.1 (2014: 1.5) times as at 31 December 2015. The shares of the Company were listed on the main board of the Stock Exchange on the Listing Date with net proceeds from the global offering of approximately HK$334.4 million (equivalent to approximately RMB263.9 million). The unutilised net proceeds from the global offering placed with banks resulted in the significant increase in net current assets and current ratio as at 31 December 2015.

Inventories increased by RMB17,981,000 from RMB113,776,000 as of 31 December 2014 to RMB131,757,000 as at 31 December 2015. Inventory turnover days was 199 for the year ended 31 December 2015, representing an increase of 46 days as compared to 153 days for the year ended 31 December 2014. The increase in inventory turnover days was mainly because of the increase in raw materials and work in progress for the contracts not yet recognised as revenue.

Trade and bills receivables increased by RMB75,077,000 from RMB313,020,000 as at 31 December 2014 to RMB388,097,000 as at 31 December 2015. Trade and bills receivables turnover days was 328 for the year ended 31 December 2015, representing an increase of 115 days as compared to 213 days for the year ended 31 December 2014. The increase in trade and bills receivables and trade and bills receivables turnover days was mainly due to the delay in payments from some of the PRC customers due to the slow settlement of government funding for the PRC road construction and maintenance projects. The Group believes that this was an industry wide phenomenon in the PRC. The Group has credit policy and internal control procedures in place to review and collect the trade and bills receivables in order to improve the collection cycle.

Trade and bills payables decreased by RMB4,795,000, from RMB72,985,000 as at 31 December 2014 to RMB68,190,000 as at 31 December 2015. Trade and bills payables turnover days was 115 for the year ended 31 December 2015, representing an increase of 13 days as compared to 102 days for the year ended 31 December 2014. The increase in trade and bills payables turnover days was mainly because of the extended payment to suppliers and subcontractors.

Liquidity and Financial Resources

As at 31 December 2015, the Group had cash and cash equivalents and bank deposits of RMB168,881,000 (2014: RMB28,607,000) and RMB162,439,000 (2014: RMB6,575,000), respectively. In addition, the Group had interest-bearing bank borrowings of RMB103,381,000 (2014: RMB162,546,000) as at 31 December 2015, RMB73,093,000 (2014: Nil) of which was bank borrowing from the factoring of accounts receivable as working capital for the operations of the Group. The gearing ratio, calculated as total bank borrowings divided by equity attributable to the equity shareholders of the Company, amounted to 14% (2014: 61%). The decrease in gearing ratio was mainly because of the increase in equity as a result of the unutilised net proceeds from the global offering and the capitalisation of shareholder's loans.

During the year ended 31 December 2015, the Group recorded a net cash outflow from operating activities of RMB55,722,000 (2014: RMB60,892,000). Net cash used in investing activities amounted to RMB90,670,000 (2014 net cash generated from: RMB107,000) for the year ended 31 December 2015. Net cash generated from financing activities for the year ended 31 December 2015 amounted to RMB274,651,000 (2014: RMB21,983,000), which was mainly resulted from the net proceeds from the global offering and the factoring of accounts receivable to finance the working capital of the operations of the Group.

The adjusted net operating cash inflow amounted to RMB17,371,000 for the year ended 31 December 2015, which included the factoring of accounts receivable of RMB73,093,000 presented as proceeds from bank loans and borrowings in financing activities.

Capital Commitments and Contingent Liabilities

As at 31 December 2015, the Group had capital commitments in respect of plant, property and equipment as follows:

	2015	2014
	RMB'000	*RMB'000*
Contracted for	**3,449**	8,723
Authorised but not contracted for	**6,032**	71
	9,481	8,794

Certain customers of the Group finance their purchase of the Group's machinery products through finance leases provided by third-party leasing companies. Under the third-party leasing arrangement, the Group provided guarantee to the third-party leasing companies that in the event of customer default, the Group was required to make payment to the leasing companies for the outstanding lease payments due from the customer. At the same time, the Group is entitled to repossess and sell the leased machinery, and retain any net proceeds in excess of the guarantee payments made to the leasing companies. As at 31 December 2015 and 2014, the Group's maximum exposure to such guarantees were RMB9,599,000 and RMB 32,684,000, respectively. The terms of these guarantees coincided with the tenure of the lease contracts which generally ranged from 1 to 2 years. For the years ended 31 December 2015 and 2014, there was no payment made for repossession of machinery incurred under the guarantee arrangement as a result of customer default.

Pledge of Assets

As at 31 December 2015, bank deposits and trade receivables of RMB60,370,000 (2014: 6,575,000) and RMB73,093,000 (2014: Nil), respectively, were pledged for loans and borrowings and bills payable of the Group.

Foreign Exchange Risk

The reporting currency of the Group was RMB. The Group was exposed to foreign exchange risk through sales and purchases which were denominated in a foreign currency including United States dollars and Euros. The appreciation of RMB against these foreign currencies would increase the price of the Group's products which were sold to overseas market and might bring negative impact on the Group's export sales. On the other hand, the appreciation of RMB would also decrease the cost of sales of the Group in respect of the purchases of raw materials from overseas.

Significant Investments and Material Acquisitions

During the year ended 31 December 2015, the Group did not have any significant investments or acquisitions.

USE OF PROCEEDS

Net proceeds from the global offering of the Company were approximately HK$334.4 million (equivalent to approximately RMB263.9 million), after deducting the underwriting commissions and other listing expenses. The Group intended to apply such proceeds in a manner consistent with the intended use of proceeds as disclosed in the prospectus of the Company. As at 31 December 2015, the unutilised proceeds were deposited in banks in Hong Kong and China.

As of 31 December 2015, the Group has utilised the net proceeds as set out below:

	Percentage to total amount	Net proceeds	Utilised amount	Unutilised amount
		RMB'million	*RMB'million*	*RMB'million*
Expansion of the manufacturing facilities				
Acquisition of land	15%	39.6	–	39.6
Development and construction of the manufacturing facilities	25%	65.9	5.1	60.8
Purchase equipment for the manufacturing facilities	10%	26.4	1.0	25.4
Research and development	20%	52.8	8.9	43.9
Development of new business	10%	26.4	–	26.4
Expansion of the sales and distribution networks and promotional activities	10%	26.4	0.5	25.9
Working capital and general corporate purposes	10%	26.4	26.4	–
	100%	263.9	41.9	222.0

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group had approximately 444 (2014: 422) employees. The total staff costs for the year ended 31 December 2015 amounted to approximately RMB51,515,000 (2014: RMB42,455,000).

The remuneration policy of the Group was based on performance of employees, market conditions, business demands and expansion plans. The Group offered different remuneration packages to the employees based on their positions, salaries, discretionary bonuses, contributions to pension schemes, housing and other allowances and benefits in kind subject to applicable laws, rules and regulations. The Group also provided training to employees on a regular basis. In accordance with the relevant requirements, the Group made contributions to pension and provided other employees benefits.

The Group has adopted a share option scheme pursuant to which employees may be granted options to subscribe for shares of the Company as incentives or rewards for their service rendered to the Group. Since the adoption of the share option scheme and up to 31 December 2015, no option has been granted.

DIVIDENDS

The Board of the Company has proposed the payment of a final dividend of HK1.8 cents (equivalent to approximately RMB1.51 cents) per ordinary share and a special final dividend of HK1.5 cents (equivalent to approximately RMB1.26 cents) per ordinary share for the year ended 31 December 2015. The proposed final dividend and special final dividend, if approved by the shareholders at the forthcoming annual general meeting of the Company to be held on Wednesday, 25 May 2016 ("2016 AGM"), will be paid on or about 17 June 2016 to the shareholders whose names appear on the register of members of the Company on 2 June 2016.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of shareholders to attend and vote at the 2016 AGM, the register of members of the Company will be closed from Monday, 23 May 2016 to Wednesday, 25 May 2016, both days inclusive. In order to qualify for attending and voting at the 2016 AGM, all transfer documents together with the relevant share certificates should be lodged for registration with the Company's Hong Kong share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 20 May 2016.

In addition, for the purpose of determining the entitlement of shareholders to the proposed final dividend and special final dividend, the register of members of the Company will be closed from Tuesday, 31 May 2016 to Thursday, 2 June 2016, both days inclusive. In order to qualify for the proposed final dividend and special final dividend, all transfer documents together with the relevant share certificates should be lodged for registration with the Company's Hong Kong share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Monday, 30 May 2016.

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2015.

CORPORATE GOVERNANCE

The Company is committed to maintaining high standards of corporate governance practices. During the year ended 31 December 2015, the Company, in the opinion of the Directors, has complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

SUSTAINABILITY

Under the "One Belt One Road" initiative, vast opportunities arise for the development of infrastructural facilities. These facilities connect communities, promote economic progress, and cultivate ideas and cultural exchanges. In light of this spirit of connectivity, and seizing the opportunity to partake in the "One Belt and One Road" Initiative, the Group wishes to connect its sustainable business model to the stakeholders.

The first sustainability report (the "Sustainability Report") of the Group demonstrated of the integration of environmental, social and governance considerations in its business approach. The innovative technology and sustainable products carry a strong message: With every segment of road paved with asphalt mixtures from our asphalt mixing plant, we leave an imprint of sustainability.

The Sustainability Report will be published on the website of Hong Kong Exchanges and Clearing Limited and the website of the Company in due course, which provides the sustainability performance for the year ended 31 December 2015, and sets out the sights and plans for the future.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct for dealings in securities of the Company by the Directors. Specific enquiry has been made to all the Directors and all the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2015.

AUDIT COMMITTEE

The Company has an audit committee (the "Audit Committee") which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting system, risk management and internal control systems. The Audit Committee comprises four members, namely Mr. Law Wang Chak, Waltery (Chairman), Mr. Li Zongjin, Mr. Lee Wai Yat, Paco and Mr. Fok Wai Shun, Wilson. All of them are independent non-executive Directors. The final results of the Group for the year ended 31 December 2015 have been reviewed by the Audit Committee.

ANNUAL GENERAL MEETING

The 2016 AGM of the Company will be held on Wednesday, 25 May 2016, and the notice of the 2016 AGM will be published and despatched in the manner as required by the Listing Rules in due course.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the website of Hong Kong Exchanges and Clearing Limited and the website of the Company.

The 2015 annual report will also be published on the website of Hong Kong Exchanges and Clearing Limited and the website of the Company and will be despatched to the shareholders of the Company in due course.

By order of the Board
D&G Technology Holding Company Limited
Choi Hung Nang
Chairman

Hong Kong, 30 March 2016

As of the date of this announcement, the executive directors of the Company are Mr. Choi Hung Nang, Ms. Choi Kwan Li, Glendy, Mr. Choi Hon Ting, Derek, Mr. Liu Tom Jing-zhi, Mr. Lao Kam Chi and Mr. Yu Ronghua; the non-executive director of the Company is Mr. Chan Lewis; and the independent non-executive directors of the Company are Mr. Law Wang Chak, Waltery, Mr. Li Zongjin, Mr. Lee Wai Yat, Paco and Mr. Fok Wai Shun, Wilson.