BILLION INDUSTRIAL HOLDINGS LIMITED
百 宏 實 業 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2299)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

HIGHLIGHTS

- Revenue for the year ended 31 December 2019 amounted to RMB9,396.9 million, representing an increase of 9.2% compared to the year ended 31 December 2018.
- Profit for the year ended 31 December 2019 amounted to RMB853.2 million, representing an increase of 10.2% compared to the year ended 31 December 2018.
- Earnings per share for the year ended 31 December 2019 amounted to RMB0.40 (2018: RMB0.36).

The board (the "**Board**") of directors (the "**Directors**") of Billion Industrial Holdings Limited (the "**Company**") is pleased to announce the consolidated results for the year ended 31 December 2019 of the Company and its subsidiaries (collectively the "**Group**"), together with comparative figures for the previous year, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

	Note	**2019** *RMB'000*	2018 *(Note)* *RMB'000*
Revenue	*2*	**9,396,866**	8,602,033
Cost of sales		**(7,779,920)**	(7,238,112)
Gross profit		**1,616,946**	1,363,921
Other revenue	*3*	**157,980**	117,342
Other net gain	*4*	**37,759**	103,527
Selling and distribution expenses		**(89,608)**	(82,772)
Administrative expenses		**(442,672)**	(395,867)
Profit from operations		**1,280,405**	1,106,151
Finance costs	*5(a)*	**(214,804)**	(172,081)
Profit before taxation	*5*	**1,065,601**	934,070
Income tax	*6*	**(212,379)**	(160,050)
Profit for the year attributable to equity shareholders of the Company		**853,222**	774,020
Earnings per share			
Basic and diluted *(RMB)*	*8*	**0.40**	0.36

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Profit for the year attributable to equity shareholders of the Company	**853,222**	774,020
Other comprehensive income for the year		
Items that may be reclassified subsequently to profit or loss (after tax):		
Exchange differences on translation of financial statements of operations outside mainland China	**(135)**	(74,382)
	(135)	(74,382)
Total comprehensive income for the year attributable to equity shareholders of the Company	**853,087**	699,638

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Note	**2019**	2018
			(Note)
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**8,975,594**	6,604,069
Intangible assets		**10,586**	12,152
Deposits and prepayments		**715,052**	862,345
		9,701,232	7,478,566
Current assets			
Inventories	*9*	**2,204,027**	1,565,282
Trade and other receivables	*10*	**1,496,597**	1,193,494
Other financial assets		**310,245**	1,514,738
Restricted bank deposits	*11*	**2,578,903**	251,830
Cash and cash equivalents	*12*	**201,398**	455,623
		6,791,170	4,980,967
Current liabilities			
Trade and other payables	*13*	**7,733,903**	2,644,620
Contract liabilities		**163,383**	211,784
Bank loans	*14*	**1,142,549**	3,295,416
Lease liabilities		**1,515**	–
Current portion of deferred income		**944**	598
Current taxation	*15(a)*	**142,799**	92,137
		9,185,093	6,244,555
Net current liabilities		**(2,393,923)**	(1,263,588)
Total assets less current liabilities		**7,307,309**	6,214,978

	Note	2019 RMB'000	2018 (Note) RMB'000
Non-current liabilities			
Bank loans	*14*	**471,433**	111,683
Lease liabilities		**5,561**	–
Deferred income		**–**	598
Deferred tax liabilities	*15(b)*	**169,855**	164,193
		646,849	276,474
NET ASSETS		**6,660,460**	5,938,504
CAPITAL AND RESERVES			
Share capital		**17,846**	17,873
Reserves		**6,642,614**	5,920,631
TOTAL EQUITY		**6,660,460**	5,938,504

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1.

NOTES

1 SIGNIFICANT ACCOUNTING POLICIES

These consolidated 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.

These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") ("**Listing Rules**").

The HKICPA has issued a new HKFRS, HKFRS 16, Leases, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, Leases, none of the 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.

HKFRS 16, Leases

HKFRS 16 replaces HKAS 17, Leases, and the related interpretations, HK(IFRIC) 4, Determining whether an arrangement contains a lease, HK(SIC) 15, Operating leases − incentives, and HK(SIC) 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

At the date of transition to HKFRS 16, the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.87%.

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

(i) The Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;

(ii) When measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and

(iii) When measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as the 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019
	RMB'000
Operating lease commitments at 31 December 2018	11,999
Less: total future interest expenses	(4,454)
Total lease liabilities recognised at 1 January 2019	7,545

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position at 31 December 2018.

The Group presents right-of-use assets in "property, plant and equipment" and presents lease liabilities separately in the consolidated statement of financial position. There is no impact on the opening balance of equity.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018	**Capitalisation of operating lease contracts**	**Carrying amount at 1 January 2019**
	RMB'000	*RMB'000*	*RMB'000*
Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:			
Property, plant and equipment	6,604,069	7,545	6,611,614
Total non-current assets	**7,478,566**	**7,545**	**7,486,111**
Lease liabilities (current)	–	1,027	1,027
Current liabilities	**6,244,555**	**1,027**	**6,245,582**
Net current liabilities	**(1,263,588)**	**(1,027)**	**(1,264,615)**
Total assets less current liabilities	**6,214,978**	**6,518**	**6,221,496**
Lease liabilities (non-current)	–	6,518	6,518
Total non-current liabilities	**276,474**	**6,518**	**282,992**
Net assets	**5,938,504**	**–**	**5,938,504**

c. *Impact on the financial result and cash flows of the Group*

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the cash flow statement.

The following tables give an indication of the estimated impact of adoption of HKFRS 16 on the Group's financial result and cash flows for the year ended 31 December 2019, by adjusting the amounts reported under HKFRS 16 in these consolidated financial statements to compute estimates of the hypothetical amounts that would have been recognised under HKAS 17 if this superseded standard had continued to apply to 2019 instead of HKFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under HKAS 17.

	2019				2018
	Amounts reported under HKFRS 16 (A)	**Add back: HKFRS 16 depreciation and interest expense (B)**	**Deduct: Estimated amounts related to operating leases as if under HKAS 17 (Note 1) (C)**	**Hypothetical amounts for 2019 as if under HKAS 17 (D=A+B+C)**	Compared to amounts reported for 2018 under HKAS 17
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*
Financial result for year ended 31 December 2019 impacted by the adoption of HKFRS 16:					
Profit from operations	**1,280,405**	**850**	**(1,073)**	**1,280,182**	1,106,151
Finance costs	**(214,804)**	**363**	**–**	**(214,441)**	(172,081)
Profit before taxation	**1,065,601**	**1,213**	**(1,073)**	**1,065,741**	934,070
Profit for the year	**853,222**	**1,213**	**(1,073)**	**853,362**	774,020

	2019 Amounts reported under HKFRS 16 (A) *RMB'000*	Estimated amounts related to operating leases as if under HKAS 17 (Notes 1 & 2) (B) *RMB'000*	Hypothetical amounts for 2019 as if under HKAS 17 (C=A+B) *RMB'000*	2018 Compared to amounts reported under HKAS 17 *RMB'000*
Line items in the consolidated cash flow statement for year ended 31 December 2019 impacted by the adoption of HKFRS 16:				
Cash generated from operations	**4,424,430**	**(768)**	**4,423,662**	1,043,651
Net cash generated from operating activities	**4,268,375**	**(768)**	**4,267,607**	899,037
Capital element of lease rentals paid	**(495)**	**495**	**–**	–
Interest element of lease rentals paid	**(273)**	**273**	**–**	–
Net cash used in financing activities	**(2,164,104)**	**768**	**(2,163,336)**	(241,519)

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if HKAS 17 had still applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under HKAS 17, if HKAS 17 had still applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if HKAS 17 still applied.

2 REVENUE

The principal activities of the Group are manufacturing and sales of polyester filament yarns products and polyester thin films products.

Disaggregation of revenue

Revenue represents the sales value of goods supplied to customers (net of value-added tax, other sales tax and discounts). Disaggregation of revenue from contracts with customers by major products is as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products lines		
– Polyester filament yarns products	**7,471,569**	6,784,724
– Polyester thin films products	**1,925,297**	1,817,309
	9,396,866	8,602,033

The Group's customer base is diversified. No individual customer (2018: nil) had transactions which exceeded 10% of the Group's aggregate revenue for the year ended 31 December 2019.

The timing of revenue recognition of all revenue from contracts with customers is at a point in time.

3 OTHER REVENUE

	2019	2018
	RMB'000	*RMB'000*
Bank interest income	**42,445**	6,056
Government grants	**107,817**	84,111
Sales of raw materials	**8,111**	26,874
Others	**(393)**	301
	157,980	117,342

Government grants include RMB107,104,000 (2018: RMB76,505,000) were received from several local government authorities for the Group's contribution to local economies of which the entitlement was unconditional and at the discretion of the relevant authorities. The remaining amounts of RMB713,000 (2018: RMB7,606,000) were transferred from deferred income to consolidated income statement upon the conditions met.

4 OTHER NET GAIN

	2019	2018
	RMB'000	*RMB'000*
Net gain on sale of property, plant and equipment	**312**	21
Donation	**(153)**	(81)
Net exchange loss	**(10,479)**	(6,733)
Net gain on forward foreign exchange contracts	**–**	1,831
Net realised and unrealised gains on other financial assets	**44,701**	106,582
Others	**3,378**	1,907
	37,759	103,527

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs:

	2019	2018
		(Note)
	RMB'000	*RMB'000*
Interest on bank loans*	**70,366**	127,926
Interest on lease liabilities	**363**	–
Other interest expenses	**151,369**	44,155
	222,098	172,081
Less: interest expense capitalised into construction in progress	**(7,294)**	–
	214,804	172,081

* *The borrowing costs have been capitalised at a rate of 2.92%–3% per annual in 2019 (2018: nil).*

Note:

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1.

(b) Staff costs:

	2019	2018
	RMB'000	*RMB'000*
Contributions to defined contribution retirement plan	**9,082**	7,361
Salaries, wages and other benefits	**323,953**	254,886
	333,035	262,247

(c) Other items:

	2019	2018
	RMB'000	*RMB'000*
Amortisation of interests in leasehold land held for own use under operating leases#	–	12,814
Amortisation of intangible assets	**2,170**	1,840
Depreciation		
– owned property, plant and equipment#	**393,388**	338,396
– right-of-use assets#	**12,944**	–
Auditors' remuneration		
– audit service	**1,400**	1,650
– non-audit service	**600**	650
Total minimum lease payments for leases previously classified on operating leases under HKAS 17#	–	1,082
Research and development costs*	**297,481**	274,935
Cost of inventories**	**7,779,920**	7,238,112

* *Research and development costs include RMB110,579,000 (2018: RMB103,763,000) relating to staff costs in the research and development department and depreciation, which amounts are also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.*

** *Cost of inventories include RMB524,186,000 (2018: RMB413,999,000) relating to staff costs and depreciation, which amounts are also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.*

\# *The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 1.*

6 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated income statement represents:

	2019	2018
	RMB'000	*RMB'000*
Current tax – Income Tax		
Provision for the year	**169,880**	139,405
Under/(over)-provision in respect of prior years	**4,902**	(3,517)
Dividends withholding tax	**31,935**	15,480
	206,717	151,368
Deferred tax *(Note 15(b))*		
Origination and reversal of temporary differences	**5,662**	8,682
	212,379	160,050

(b) Reconciliation between income tax and accounting profit at applicable tax rates:

	2019	2018
	RMB'000	*RMB'000*
Profit before taxation	**1,065,601**	934,070
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdiction concerned	**458,138**	356,747
Tax effect of non-deductible expenses	**10,494**	5,449
Tax effect of non-taxable income	**(190,683)**	(118,186)
Tax effect of unused tax losses not recognised	**6,265**	2,226
Tax effect of use of unused tax losses not recognised in prior years	**–**	(3,087)
Under/(over)-provision in prior years	**4,902**	(3,517)
Tax concessions *(Notes (iv) and (v))*	**(108,672)**	(95,062)
Dividends withholding tax	**31,935**	15,480
Actual tax expenses	**212,379**	160,050

Note:

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

(ii) The PRC's statutory tax rate is 25%.

(iii) The provision for Hong Kong Profits Tax for 2019 is calculated at 16.5%. No provision has been made for Hong Kong Profits Tax as the Group did not have assessable profits during 2018.

(iv) In accordance with the relevant PRC Corporate Income Tax Laws, regulations and implementation guidance notes, the subsidiary in mainland China, Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd.* (福建百宏聚纖科技實業有限公司) ("**Billion Fujian**") was granted the Advanced and New Technology Enterprise Status for a valid period of 3 years from 2018 to 2020 which entitles Billion Fujian to a reduced income tax rate at 15% during the valid period under the New Tax Law and its relevant regulations.

(v) In accordance with the relevant PRC Corporate Income Tax Laws, regulations and implementation guidance notes, the subsidiary in mainland China, Fujian Billion High-tech Material Industry Co., Ltd.* (福建百宏高新材料實業有限公司) ("**Billion High-tech**") was approved to be the Advanced and New Technology Enterprise Status for a valid period of 3 years from 2017 to 2019 which entitles Billion High-tech to a reduced income tax rate at 15% during the valid period under the New Tax Law and its relevant regulations.

(vi) From 1 January 2008, a non-resident enterprise without an establishment or a place of business in the PRC or which has an establishment or a place of business in the PRC but whose relevant income is not effectively connected with the establishment or place of business in the PRC, will be subject to a withholding tax at the rate of 10% (unless reduced by treaty) on various types of passive income such as dividends derived from sources within the PRC. Pursuant to the Sino-Hong Kong Double Tax Arrangement and the related regulations, a qualified Hong Kong tax resident may be liable for a reduced withholding tax rate of 5% on dividends from a PRC enterprise if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interest of the PRC enterprise.

On 6 April 2018, the Group had obtained the certificates of Hong Kong tax residents from the Inland Revenue Department of Hong Kong, which are effective from 2017 to 2019.

Dividends withholding tax represents tax charged by the PRC tax authority on dividends distributed by the Group's subsidiaries in the PRC during the year.

* *The English translation of the name is for reference only. The official name of the entity is in Chinese.*

7 DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2019	2018
	RMB'000	*RMB'000*
No interim dividend declared and paid (2018: HK4.7 cents per share)	–	87,898
No final dividend proposed after the end of the reporting period (2018: HK5.7 cents per share)	–	103,251
	–	191,149

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

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2019	2018
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK5.7 cents per ordinary share (2018: HK8.4 cents per share)	**103,888**	145,044

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB853,222,000 (2018: RMB774,020,000) and the weighted average of 2,123,637,238 ordinary shares (2018: 2,125,699,375 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2019	2018
Issued ordinary shares at 1 January	**2,125,308,000**	2,126,944,000
Effect of shares repurchased	**(1,670,762)**	(1,244,625)
Weighted average number of ordinary shares	**2,123,637,238**	2,125,699,375

There were no dilutive potential ordinary shares during the years ended 31 December 2019 and 2018, and therefore, diluted earnings per share is the same as the basic earnings per share.

9 INVENTORIES

	2019 *RMB'000*	2018 *RMB'000*
Raw materials	**567,153**	394,380
Work in progress	**55,596**	58,078
Finished goods	**1,581,278**	1,112,824
	2,204,027	1,565,282

Inventories recognised as expenses and included in profit or loss are the carrying amount of inventories sold, amounting to RMB7,779,920,000 (2018: RMB7,238,112,000).

10 TRADE AND OTHER RECEIVABLES

	2019 *RMB'000*	2018 *RMB'000*
Trade debtors, net of loss allowance	**245,440**	71,482
Bills receivable, net of loss allowance	**104,085**	115,334
Deposits, prepayments and other receivables	**1,862,124**	1,869,023
	2,211,649	2,055,839
Less: Non-current portion of deposits and prepayments	**(715,052)**	(862,345)
	1,496,597	1,193,494

All of the current trade and other receivables are expected to be recovered or recognised as expenses within one year.

As at 31 December 2019, the Group had discounted bank acceptance bills totalling RMB1,673,345,000 (2018: RMB1,224,889,000) and endorsed bank acceptance bills totalling RMB234,321,000 (2018: RMB152,013,000), which are derecognised as financial assets. These bank acceptance bills matured within one year from date of issue. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable.

Non-current portion of deposits and prepayments represents deposits for acquisition of interests in leasehold land, property, plant and equipment.

Current portion of deposits, prepayments and other receivables mainly represents prepayments on raw materials, interest receivable from deposits with banks and VAT recoverable.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the date of billing and net of loss allowance, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 1 month	**219,078**	81,086
1 to 2 months	**32,029**	38,223
2 to 3 months	**67,095**	15,750
Over 3 months	**31,323**	51,757
	349,525	186,816

Trade debtors and bills receivable are due within 90 to 210 days from the date of billing.

11 RESTRICTED BANK DEPOSITS

The restricted bank deposits of RMB39,770,000 (2018: RMB251,830,000) and RMB2,539,133,000 (2018: Nil) were pledged to the banks to secure certain bank loans (see note 14) and bills payable (see note 13) respectively.

12 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

Cash and cash equivalents comprise:

	2019	2018
	RMB'000	*RMB'000*
Cash at bank and on hand	**201,398**	455,623

At 31 December 2019, cash at bank balances were placed with banks in the PRC amounted to RMB157,544,000 (2018: RMB331,023,000). Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

13 TRADE AND OTHER PAYABLES

	2019	2018
	RMB'000	*RMB'000*
Trade creditors and bills payable	**6,106,810**	1,869,553
Other payables and accrued charges	**281,157**	265,372
Interest payables	**8,454**	2,814
Equipment payables	**1,181,039**	429,204
Construction payables	**156,443**	77,677
	7,733,903	2,644,620

All of the trade and other payables are expected to be settled within one year or repayable on demand.

Certain bills payable were secured by restricted bank deposits as at 31 December 2019 (2018: Nil) (see note 11).

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 3 months	**2,789,314**	1,291,519
More than 3 months but within 6 months	**1,872,668**	573,329
More than 6 months but within 1 year	**1,442,913**	2,894
More than 1 year	**1,915**	1,811
	6,106,810	1,869,553

14 BANK LOANS

At 31 December 2019, the bank loans were repayable as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 1 year or on demand	**1,142,549**	3,295,416
After 1 year but within 2 years	**90,082**	11,752
After 2 years but within 5 years	**378,364**	80,257
After 5 years	**2,987**	19,674
	471,433	111,683
	1,613,982	3,407,099

At 31 December 2019, the bank loans were secured as follows:

	2019	2018
	RMB'000	*RMB'000*
Bank loans		
– secured	**51,714**	265,266
– unsecured	**1,562,268**	3,141,833
	1,613,982	3,407,099

Certain bank loans were secured by assets of the Group as set out below:

	2019	2018
	RMB'000	*RMB'000*
Properties	**45,570**	45,827
Restricted bank deposits *(Note 11)*	**39,770**	251,830
	85,340	297,657

15 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2019	2018
	RMB'000	*RMB'000*
Provision for the year	**169,880**	139,405
Under/(over) provision in respect of prior years	**4,902**	(3,517)
Tax paid	**(156,055)**	(144,614)
Dividends withholding tax	**31,935**	15,480
	50,662	6,754
Balance of tax provision relating to prior years	**92,137**	85,383
	142,799	92,137

(b) Deferred tax liabilities recognised:

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Depreciation and amortisation of property, plant and equipment	Other financial assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2018	171,207	3,161	(18,857)	155,511
Charged/(credit) to profit or loss *(Note 6(a))*	11,113	(951)	(1,480)	8,682
At 31 December 2018	182,320	2,210	(20,337)	164,193
At 1 January 2019	182,320	2,210	(20,337)	164,193
Charged/(credit) to profit or loss *(Note 6(a))*	7,384	(674)	(1,048)	5,662
At 31 December 2019	189,704	1,536	(21,385)	169,855

(c) Deferred tax assets not recognised

Certain subsidiaries of the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB263,851,000 (2018: RMB191,410,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

(d) Deferred tax liabilities not recognised

As at 31 December 2019, temporary differences relating to the undistributed profits of the Group's certain subsidiaries in mainland China amounted to RMB2,951,220,000 (2018: RMB3,258,527,000).

Deferred tax liabilities of RMB147,561,000 (2018: RMB162,926,000) have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries in mainland China and the Directors have determined that these profits are not likely to be distributed in the foreseeable future.

16 COMMITMENTS

(a) Capital commitments outstanding at 31 December 2019 not provided for in the consolidated financial statements were as follows:

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Authorised but not contracted for	**195,022**	1,480,499
Contracted for	**1,607,060**	1,638,920
	1,802,082	3,119,419

(b) At 31 December 2018, the total future minimum lease payments under a non-cancellable operating lease were payable as follows:

	2018
	RMB'000
Within 1 year	1,130
After 1 year but within 5 years	4,519
Over 5 years	6,350
	11,999

The Group is the lessee in respect of oil storage area and warehouse held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 1).

MANAGEMENT DISCUSSION AND ANALYSIS

CHANGES IN MACRO-ECONOMIC ENVIRONMENT

In 2019, the Sino-US trade war continued to heat up, by which the world trade was unavoidably significantly affected. An agreement was certainly expected by all countries. The outcome of the negotiations will be related to the US's strategy and tactics for China, and will also affect future global trade and development. In 2019, the purchasing manager index ("**PMI**") for the manufacturing industry in the globe was fixed at 50.1%, and that for the manufacturing industry in Europe was 48.7%, a significant decrease of 5.6 percentage points from the same period last year, becoming a major pusher of downturn in manufacturing industry of the globe. In addition, the PMI for the manufacturing industry in the Americas was 51.2%, a decrease of 6.5 percentage points from the same period of last year, showing a trend of high to low, which was mainly because the manufacturing industry in the US has turned from strong to weak. Compared with the obvious decline in manufacturing in Europe and the Americas, the manufacturing industry in Asia has shown a steady downward trend. In 2019, the average PMI for manufacturing in Asia was 50%, a decrease of 1.6 percentage points from the same period last year, and the trend was relatively mild.

A World Bank report published in December stated that Chinese economy remained relatively resilient under the support of strong real disposable income growth, and a looser policy posture indicated that some impacts and other external factors were alleviated. The external risks faced by the Chinese economy are mainly from major economies, especially in some European countries, where the economic slowdown has exceeded expectations, and global trade and investment have weakened. However, Chinese economy has shifted from high-speed growth to high-quality development. From the perspective of economic growth throughout 2019, although the Chinese economy has fluctuated slightly, it has generally met expectations. It ranks among the top economies in the world. According to the National Bureau of Statistics of the People's Republic of China (the "**PRC**"), China's gross domestic product was close to RMB100 trillion in 2019, representing a growth of 6.1% with the per capita income exceeds US$10,000, which well enough to drive the improvement of Chinese people's average living standard and the continuous promotion of domestic demand became an important momentum in driving its economic growth. The retail sales of apparel, footwear, hats and textile products amounted to RMB1,351.7 billion in 2019, representing a year-on-year growth of 2.9%, among which, the sales in December 2019 was RMB149.0 billion, representing a year-on-year increase of 1.9%. In the face of rising risks and challenges at home and abroad and complex issues, China has deepened supply-side structural reforms and stepped up counter-cyclical adjustments. Its economy kept moving forward in the direction of "seeking progress in stability, making progress in stability and having improvement in stability". However, the continuing of the epidemic has subsequently affected various economic activities.

INDUSTRY REVIEW

In recent years, China's textile industry as a whole has maintained a steady and increasing trend, and the retail is steadily improving. In 2019, China's textile industry worked hard to overcome the adverse effects of weakening foreign market demand and rising protectionism, actively explored emerging markets, and basically maintained a stable operation. With the increase of people's awareness of environmental protection, the environmental protection work of the textile industry has become increasingly concerned, and the manufacturers of the textile industry have become more diversified, innovative and environmentally friendly. Consumption upgrades have increased the concentration of the textile industry, stricter quality requirements have helped the brand's market share increase, and industry resources are gradually concentrated to the leading companies. Smart manufacturing will continue to be an important development direction for the textile industry in the future.

Driven by economic and population growth, global fiber consumption and per capita consumption will continue to grow in the future. In addition, the rebound in the domestic textile industry and the increase in foreign demand have supported the demand for the polyester filament yarns industry. With the increase in national income, the optimization of the population structure, the continuous promotion of consumption upgrades, and the emerging of the results of the "Belt and Road" Initiative, the prospects of the textile industry continues to be good. However, due to the impact on the expansion of the novel coronavirus pneumonia epidemic, there may be some uncertainties and short-term impacts in the textile industry.

On the other hand, Chinese polyester thin film manufacturers are increasingly focusing on brand development. While exploring the markets of European and American countries, they are also actively exploring the markets of Southeast Asia, Russia, the Mediterranean and other countries and regions. Chinese polyester thin film manufacturers have already occupied a certain share in the international market, and its international competitiveness is gradually improving.

BUSINESS REVIEW

Stable growth

By always adhering to the mission of "providing eco-friendly products for the public, aspiring to be the world's premier supplier of consumer product materials", the Group implements the operation philosophy of "creating green products". Aiming at "technology innovation and improving competitive strength", we persist to pursuing the technology innovation approach of a combination of "Production, Learning, Research and Application". The Group formulates the deepened reform proposal through technology improvement, technology innovation, product mix optimisation and recruiting innovative talents, and strives to research and develop new products and enhance product added value, as well as improving brand values and market competitiveness of the Company. The Group enjoyed scalable cost advantages through introducing large-scale and advanced production equipment. Most of our key equipments are imported from Germany and Japan which are of international first-class equipment standards. High quality equipment provides the Group with strong guarantee of both product innovation and technology innovation.

The Group owns the largest differentiated chemical fiber production base in Southern China. It is also the first enterprise in Fujian Province to adopt the world's advanced melt-direct spinning differentiated chemical fiber production line and possesses the industry leading spinning and texturing equipment and technology. The Group attaches great importance to the introduction and cultivation of talents. The talent strategy of "recruiting employees with due care and connecting people with heart (招人留心、用人連心)" attracts more people of insight to join the business. We have cooperated with Donghua University to establish a talents practice base, and we have become an enterprise with excellent research and development talents. The Group has a research and development team, comprising over 600 senior technicians from all around the country, to develop new products under a market-oriented approach. The Group also has a sizable quality control team equipped with the world's advanced testing facilities to ensure stringent product quality and personalized quality service.

During the year under review, the prices and spreads of polyester filament yarn were stronger than those in the same period in history. Benefiting from the economic cycle and the rise of the crude oil price, the price trend of polyester products was relatively strong, and the market demand for the Group's products remained strong. In addition, the polyester filament yarn project of Billion Industrial (Viet Nam) Co., Ltd. ("**Billion Vietnam**") has officially started production. The sales volume and sales revenue of the Group continued to grow steadily. During the year under review, the Group's differential products accounted for 70.2% of its total revenue. Such a high rate ensures our market competitiveness and is also a key factor contributing to the steady growth of the Group's sales turnover.

Project development and product research and development

As the largest polyester filament yarns manufacturer in Southern China, we are selected as the "innovative enterprise" under the technological and innovative projects of Fujian Province. By relying on technology innovation, we strived to establish a digitalised and intelligentised automatic chemical fiber production workshop, and become the industry front runner of realising the full process intelligent automatic production. By leveraging on digitalisation, networking and modularisation of automatic equipment, the Group keeps on improving its products' quality and production volume.

The management team of the Group applied scientific management software to (i) achieve networking and informatisation management during the course of production; (ii) arrange production allocation among various products; and (iii) deploy equipment between production and research and development to maximise the usage of production capacity. The scientific production management process enhanced the production efficiency of the

Group, which enables the Group to constantly launching new products in time targeting at market demand with a view to increase the strengths of product differentiation. During the year under review, several projects of the Group were listed in the "Fujian 2019 Key Project List".

The Group has strong scientific research strengths. Its technology centre was awarded as the "State Enterprise Technology Centre" and its fiber testing centre gained the recognition of CNAS National Laboratory. The Academician Expert Work Station was launched to carry out special scientific research and cooperation. The "Large-capacity melt direct spinning ultrafine polyester filament yarn engineering technology development" (大容量熔體直紡超細旦滌綸長絲工程技術的開發) project jointly undertaken by the Company, Donghua University and State Grid Jinjiang Power Supply won the "Second Class of Science and Technology Progress Award of Fujian Province", which is testimony to the innovation and research and development efforts of the Group. Such project represents China's first large-scale mass production of melt direct spinning of ultrafine polyester filament yarns possessing core patent technology. The overall technology level of the project is leading its peers in China. In the course of research of the project, we have successfully developed the polyester structural control and trace modification technology, polyester melt instant dynamic synergy control technology, melt homogenization and high stability filament formation technology as well as high efficiency and quality and increased elasticity engineering technology. We have overcome the bottlenecks arising from the conflicts between the polyester crystallization process and the process of increased elasticity of ultrafine polyester filament yarns and the difficulties in ultrafine fiber melt homogenization and high stability filament formation with control over yarn levelness and dye uniformity. We have also set up a systematic and scientific system for ultrafine polyester filament yarns fully drawn yarn ("**FDY**") and drawn textured yarn ("**DTY**") full process quality control technologies and standards, thus forming an independent intellectual property rights system comprising procedural control, product development and device modification.

In addition, the Group's industrial yarn project in the F zone is in full swing. The F zone project introduces the latest model of German Barmag high-speed winder, which can produce a full range of products, including ordinary high-strength, low-shrink, ultra-low-shrink, activated type, anti-wicking and water-repellent type, car seat belt wear-resistant type, special sewing thread type, non-ferrous type, etc., and it is equipped with plied and twisted lines and twisting equipment to enrich the product structure. The Group will provide customers with high-end quality products and gradually occupy the market. We have been committed to constructing our industrial yarn projects with the belief of "high quality, high starting point, specialization, and serving various fields". The Group's industrial yarn automation equipment is the highest in degree of automation and the most advanced device in the textile industry at home and abroad. Each yarn at the spinning heat roller is equipped with an in-line filament detector, which can be detected by the yarn passing device. Unlike the manual, which can only detect filaments on the surface, cross-section, and bottom of the filament, the in-line filament detector can also detect the filaments that are not visible to the naked eye inside the tow, which is more accurate. From the central control room, the information of each filament can be seen. The filament detection system data is connected to the automatic packaging line. The system can automatically identify by location information and grade according to the condition of wool.

Fujian Billion Polymerization Fiber Technology Industrial Co., Ltd.* (福建百宏聚纖科技實業有限公司) ("**Billion Fujian**") and Billion High-tech Material Industry Co., Ltd.* (福建百宏高新材料實業有限公司) ("**Billion High-tech**"), principal subsidiaries of the Group, both have been awarded as high technology enterprises. For the year ended 31 December 2019, revenue generated from the Group's differentiated products amounted to RMB6,595,432,000, accounting for 70.2% of its total revenue for the year, representing an increase of RMB700,399,000 or 11.9% as compared to 2018. The Group believes that its products, protected by national patents, will be well recognised in both domestic and international markets and will provide the Group with a strong competitive edge.

As of 31 December 2019, the Group owned 108 national patents registered in China and had applied for 116 national patents. Among all of the Group's patented products, 70 of them have already been applied to our products sold to customers. Our research and development expenditure was RMB297,481,000 in 2019, representing 3.2% of our total revenue. Our research and development efforts mainly focus on improving product quality and production efficiency and enhancing the innovation capability of the Group in every aspect from chemical fiber to textile fabrics.

Market development

As a core region of Maritime Silk Road in the 21st Century, Fujian Province has been committed to building a cutting-edge platform for foreign trade and economic cooperation in recent years. With the implementation and deepening of the "Belt and Road" initiative, Fujian enterprises have become increasingly active in "going global". As a leading enterprise in Fujian, the Group actively responded to the national call and decided to invest in Vietnam to build a polyester factory as early as 2016. After more than two years of preparation, the "700,000-ton differentiated chemical fiber project" that we invested in Tay Ninh, Vietnam, was formally put into operation on 29 September 2019. The project will become a demonstration platform for China-Vietnam production capacity cooperation, and it also marks a major step forward for the development of the Group. The project is equipped with 2 full draft yarns and 8 pre-oriented yarn production lines, and 130 high-speed texturing machines for drawn textured yarns, with the goal of forming a 200,000-ton differentiated chemical fiber production capacity. In terms of process technology, polyester adopts the latest process technology of China Textile Industry Design Institute, and the spinning production line realizes intelligent production control and automatic monitoring of the process through a series of automated means such as robot doffing, robot packaging, automatic product appearance inspection, and three-dimensional automatic storage. Billion Vietnam is of iconic significance to the Group's expansion into emerging markets.

* *The English translation of the name is for reference only. The official name of the entity is in Chinese.*

The Group has all along been paying great attention to marketing channel expansion and customer services. Our flexible sales strategies enable us to understand market situations in time, focus on customers' experience and timely communicate the feedback from customers to the technology and production centre, thus ensuring bilateral interaction and providing fast and efficient product after sales services. While consolidating our market share in Fujian and Guangdong Provinces, we have also strived to develop the international markets and continued to improve our response to the market whilst expanding the emerging markets. According to the feedback of downstream users in the emerging markets, we made functional improvement and technology upgrade to our existing product lines with suitable marketing strategy, strengthened quality control on export products, and maintained cost advantages. The Group's export sales for the year under review increased by RMB52,137,000 or 4.6% as compared to the same period in 2018, which represented a further increase in brand popularity and market share in overseas markets.

Production capacity expansion

The Group is investing approximately US$222 million in Vietnam to expand the polyester bottle chip business, polyester filament yarns production facility, and the polyester, partially oriented yarn ("**POY**") and FDY production facilities, which were going into production during the year under review, marking the overseas business of the Group will enjoy a healthier long-term and sustainable development.

Furthermore, in view of the increasing consumption of polyester industrial yarns in the PRC in recent years, in particular, the accelerating expansion of the polyester industrial yarns market in Eastern China, the Group is investing approximately US$185 million to set up a production line for polyester industrial yarn products, which is in the process and leading the Group to expand this business. The total production capacity of the new manufacturing facilities will be approximately 250,000 tons per annum and they are expected to gradually commence commercial production in the second quarter of 2020.

As of 31 December 2019, the designed capacity of FDY and POY of the Group was 1,097,800 tons per year, the designed capacity of DTY was 766,900 tons per year, and the designed capacity for polyester thin films was 255,000 tons per year, of which the designed capacity of biaxially-oriented polyethylene terephthatlate ("**BOPET**") thin films was 182,500 tons per year.

LAWS AND REGULATIONS AND ENVIRONMENTAL PROTECTION

The Group is in strict compliance with the "Environmental Protection Law of the People's Republic of China", "Law of the People's Republic of China on Conserving Energy" and other environmental protection regulations and rules while ensuring the highest quality standards in our products. The Group integrated the ISO9001 Quality Management System, ISO14001 Environmental Management System and OHSAS18001 Occupational Health and Safety Management System to achieve coordinated management and improved the management efficiency of the Group effectively. In addition, Billion Fujian and Billion

High-tech under the Group have successfully passed the reviews regarding the three levels of production safety standardisation. The Group formulated enterprise standards that are more stringent than national standards for polyester filament yarns and conducted comprehensive inspections on the products used. Moreover, the Group implemented product quality and performance appraisal system comprehensively to all production departments. The Group also obtained the EU textile products OEKO Environmental Protection Product First Class Recognition, with all products passing the random product quality inspections by relevant bureaus of quality and technical supervision.

The Group strictly complied with the national environmental protection requirements and pursued the environmental guidelines of "precaution and treatment with precaution as priority" to reinforce and plan environmental protection works. We practiced well clean production and energy saving and consumption cutting and improved the efficiency of resources utilisation. The Group insisted on taking technical innovation as a driving force and adopted advanced contamination treatment technologies to control pollutant emissions during the production process, striving to fully complete the internal emission reduction plans.

HUMAN-ORIENTED PHILOSOPHY, FACTORY-BASED FAMILY AND CO-DEVELOPMENT

We believe a harmonious employment relationship is a key element of our success. Hence, we have been constantly adhering to the belief of "Human-oriented Philosophy, Factory-based Family and Co-development" to provide staff a full-fledged employment system and ensure fair and equitable protection to all staff, and we strictly comply with relevant labour laws, regulations and industry practices. Apart from providing good promotion prospects and trainings, the Group also puts in place a series of facilities and benefits for its staff and their families, which have enabled staff not only to develop their career, but also have a harmonious family and build a harmonious enterprise together with the Group.

In view of the continuing epidemic situation, in order to protect the health of each employee, the Group set up a health management centre as soon as possible, after 14 days of quarantine and observation of employees returning from other provinces, they can only start work. At the same time, the Group has added emergency supplies such as alcohol, disinfectant, masks, infrared body measuring instruments, etc., to fully disinfect the plant every day, and to report to personnel entering and leaving of the company, taking the initiative to help combat the epidemic.

FINANCIAL REVIEW

Operational performance

1. Revenue

Revenue of the Group in 2019 amounted to RMB9,396,866,000, representing an increase of 9.2% as compared to RMB8,602,033,000 in 2018. Revenue attributable to the sales of polyester filament yarns, the Group's main products, was RMB7,471,569,000, accounting for 79.5% of the total revenue. Revenue attributable to the sales of polyester thin films was RMB1,925,297,000, accounting for 20.5% of the total revenue. The revenue analysis of the two products is as follow:

Polyester filament yarns

The Group adopts melt-direct spinning differentiated chemical fiber production line which is technologically advanced by global standard, and possesses the leading spinning and texturing equipment and technology in the industry. The Group targets its polyester filament yarns products at the middle and high-end markets both domestically and abroad, a majority of which are differentiated products and have special physical features and functionalities, such as cotton-like fibers, protection against ultraviolet rays, moisture and sweat-absorption, flame-resistant, abrasion-resistant, super-soft, super-shining and antibacterial. These products are widely used in apparel, footwear and home furnishings and high-end fabrics and textiles for industry. The Group's product solutions have a clear positioning and are targeted at the mid to high-end market. In response to the needs of the target markets, the product plan designs are based on the production of differential oerlikon fibers and functional fibers.

Revenue attributable to the sales of polyester filament yarns products for the year under review was RMB7,471,569,000, representing an increase of RMB686,845,000 or 10.1% as compared to RMB6,784,724,000 in 2018. The average selling price of polyester filament yarns in the year under review was RMB10,066 per ton, representing a decrease of RMB529 or 5.0% as compared to RMB10,595 per ton in 2018.

The production facility of Billion Vietnam, a subsidiary of the Group, has been in operation in the year under review, which further improved the overall production capacity of the Group, and coupled with the Group's active research and development of the new functional products aspect of its differentiated products with higher added-value, both the sales revenue and sales volume of the Group recorded steady growth.

Polyester thin films

The Group's polyester thin films can be widely used in various sectors including packaging, magnetic materials, imaging, industry, electronics and electrical appliances, with its principal products positioned at the middle and high-end markets both domestically and abroad. The Group re-engineered its polyester thin films production lines to conduct research and development on various categories of thin films products under different raw material formulae and various technological conditions. The Group introduced the production lines and research and development equipment with advanced international standards for BOPET thin films from Dornier in Germany, which mainly focuses on the production, research and development and sales of BOPET thin films. It has become one of the largest polyester thin films production enterprises in China.

Revenue attributable to the sales of polyester thin films products for the year under review was RMB1,925,297,000, representing an increase of RMB107,988,000 or 5.9% as compared to RMB1,817,309,000 in 2018. The average selling price of polyester thin films in the year under review was RMB9,015 per ton, representing no significant change as compared to RMB9,016 per ton in 2018.

Analysis of Revenue and Sales Volume (By Product)

	Revenue				Sales volume			
	2019		2018		**2019**		2018	
	RMB'000	***Percentage***	*RMB'000*	*Percentage*	***Tons***	***Percentage***	*Tons*	*Percentage*
Polyester filament yarns								
DTY	**5,298,328**	**56.4%**	4,845,008	56.4%	**463,455**	**48.5%**	420,584	50.0%
FDY	**1,097,233**	**11.7%**	1,205,622	14.0%	**113,998**	**11.9%**	120,476	14.3%
POY	**103,137**	**1.1%**	35,754	0.4%	**13,290**	**1.4%**	3,854	0.5%
Other polyester filament yarns products*	**972,871**	**10.3%**	698,340	8.1%	**151,527**	**15.9%**	95,484	11.3%
Sub-total	**7,471,569**	**79.5%**	6,784,724	78.9%	**742,270**	**77.7%**	640,398	76.1%
Polyester thin films								
BOPET thin films	**1,525,485**	**16.2%**	1,388,916	16.1%	**152,642**	**15.9%**	143,409	17.0%
Other polyester thin films products**	**399,812**	**4.3%**	428,393	5.0%	**60,930**	**6.4%**	58,154	6.9%
Sub-total	**1,925,297**	**20.5%**	1,817,309	21.1%	**213,572**	**22.3%**	201,563	23.9%
Total	**9,396,866**	**100.0%**	8,602,033	100.0%	**955,842**	**100.0%**	841,961	100.0%

* *Other polyester filament yarns products represent polyethylene terephthalate ("**PET**") chips and wasted filament generated during the production process.*

** *Other polyester thin films products represent polyester chips, polyester films and wasted filament generated during the production process.*

Sales by geographic region

The Group continued to actively expand and consolidate its market share in overseas markets by improving service quality and brand recognition. The Vietnam project of the Group was under full operation during the year under review to further increase our export revenue. The Group's export sales revenue increased from RMB1,141,923,000 in 2018 to RMB1,194,060,000 during the year under review which was up by RMB52,137,000, respectively an increase of 4.6%.

Due to the Sino-US trade frictions, the USD exchange rate fluctuations became more frequent. In addition, the domestic market conditions remained upbeat. Accordingly, the Group stepped up its sales efforts in mainland China during the year under review. Approximately 87.3% of the Group's revenue was generated from domestic market sales, of which 58.6% was from sales to customers in Fujian Province and 21.0% to Guangdong Province adjacent to the Group. The textile manufacturing industries in these two provinces are booming, resulting in a strong demand for the Group's products.

Geographic Breakdown of Revenue

	2019		2018	
	RMB'000	***Percentage***	*RMB'000*	*Percentage*
Domestic sales				
Fujian Province	**5,505,055**	**58.6%**	4,629,842	53.8%
Guangdong Province	**1,974,492**	**21.0%**	2,080,489	24.2%
Other Provinces	**723,259**	**7.7%**	749,779	8.7%
Export sales*	**1,194,060**	**12.7%**	1,141,923	13.3%
Total	**9,396,866**	**100.0%**	8,602,033	100.0%

* *Export sales were mainly made to countries such as Turkey, Italy, Belgium, Brazil, United States, Spain, Russia and Poland.*

2. ***Cost of Sales***

Cost of sales of the Group in 2019 was RMB7,779,920,000, representing an increase of 7.5% as compared to the cost of sales of RMB7,238,112,000 in 2018. Such an increase was mainly attributable to the combined effect of the increase in sales volume and the decrease in raw materials prices. The cost of sales for polyester filament yarns was RMB6,268,679,000, accounting for 80.6% of the total cost of sales. The cost of sales for polyester thin films was RMB1,511,241,000, accounting for 19.4% of total cost of sales. The percentages of costs of sales of these two types of products were generally in-line with the percentages of their respective sales revenue.

Polyester filament yarns

Average cost of sales for polyester filament yarns decreased from RMB8,856 per ton in 2018 to RMB8,445 per ton during the year under review, representing a decrease of RMB411 or 4.6% per ton, which was mainly due to comprehensive impact of the decrease in the selling price of purified terephthalic acid ("**PTA**") and mono ethylene glycol ("**MEG**"), the raw materials of polyester filament yarns. The average price of raw materials for polyester filament yarns decreased from RMB6,967 per ton in 2018 to RMB6,424 per ton during the year under review, representing a decrease of RMB543 or 7.8% per ton. PTA and MEG, major raw materials for products of the Group, accounted for 71.8% of the total cost of sales and the prices of which were mainly affected by the price of their raw materials, i.e. crude oil.

Polyester thin films

Average cost of sales for polyester thin films decreased from RMB7,773 per ton in 2018 to RMB7,077 per ton during the year under review, representing a decrease of RMB696 or 9.0% per ton, which was mainly due to the decrease in the selling price of raw materials of polyester thin films. In addition, the average price of raw materials for polyester thin films decreased from RMB7,058 per ton in 2018 to RMB6,357 per ton during the year under review, representing a decrease of RMB701 or 9.9% per ton.

Analysis of Cost of Sales

	2019		2018	
	RMB'000	***Percentage***	*RMB'000*	*Percentage*
Polyester filament yarns				
Cost of raw materials				
PTA	**3,365,342**	**43.3%**	2,779,913	38.4%
MEG	**1,134,164**	**14.6%**	1,300,657	18.0%
POY and other raw materials	**268,629**	**3.4%**	380,814	5.3%
Sub-total	**4,768,135**	**61.3%**	4,461,384	61.7%
Manufacturing costs	**1,495,355**	**19.2%**	1,205,700	16.7%
Other costs	**5,189**	**0.1%**	4,291	0.0%
Sub-total	**6,268,679**	**80.6%**	5,671,375	78.4%
Polyester thin films				
Cost of raw materials				
PTA	**954,833**	**12.2%**	919,550	12.7%
MEG	**318,833**	**4.1%**	417,986	5.8%
Chips and other raw materials	**83,937**	**1.1%**	85,128	1.2%
Sub-total	**1,357,603**	**17.4%**	1,422,664	19.7%
Manufacturing costs	**153,029**	**2.0%**	140,112	1.9%
Other costs	**609**	**0.0%**	3,961	0.0%
Sub-total	**1,511,241**	**19.4%**	1,566,737	21.6%
Total	**7,779,920**	**100.0%**	7,238,112	100.0%

Analysis of Average Cost of Sales of Products Per Ton

	2019		2018	
	RMB (per ton)	***Percentage***	*RMB (per ton)*	*Percentage*
Polyester filament yarns				
Cost of raw materials				
PTA	**4,534**	**53.7%**	4,341	49.0%
MEG	**1,528**	**18.1%**	2,031	22.9%
POY and other raw materials	**362**	**4.3%**	595	6.7%
Sub-total	**6,424**	**76.1%**	6,967	78.6%
Manufacturing costs	**2,014**	**23.8%**	1,882	21.3%
Other costs	**7**	**0.1%**	7	0.1%
Sub-total	**8,445**	**100.0%**	8,856	100.0%
Polyester thin films				
Cost of raw materials				
PTA	**4,471**	**63.2%**	4,562	58.7%
MEG	**1,493**	**21.1%**	2,074	26.7%
Chips and other raw materials	**393**	**5.6%**	422	5.4%
Sub-total	**6,357**	**89.9%**	7,058	90.8%
Manufacturing costs	**717**	**10.1%**	695	8.9%
Other costs	**3**	**0.0%**	20	0.3%
Sub-total	**7,077**	**100.0%**	7,773	100.0%
Total	**8,139**		8,598	

3. *Gross Profit*

Gross profit of the Group in 2019 was RMB1,616,946,000, which increased by RMB253,025,000, representing an increase of 18.6% as compared to RMB1,363,921,000 in 2018. Average selling price of products decreased by RMB386 per ton, representing a decrease of 3.8% from RMB10,217 per ton in 2018 to RMB9,831 per ton during the year under review, while average cost of products also decreased by RMB459 per ton, representing a decrease of 5.3% from RMB8,598 per ton in 2018 to RMB8,139 per ton during the year under review. Therefore, the average gross profit of products per ton increased from RMB1,619 in 2018 to RMB1,692 during the year under review. As the decrease in the average cost of products per ton was much higher than the decrease in average selling price of products per ton, gross profit margin increased by 1.3 percentage points from 15.9% in 2018 to 17.2% during the year under review.

Polyester filament yarns

Average selling price of polyester filament yarns decreased by RMB529 per ton, representing a decrease of 5.0% from RMB10,595 in 2018 to RMB10,066 during the year under review. The average gross profit of polyester filament yarns per ton decreased from RMB1,739 in 2018 to RMB1,621 during the year under review. The gross profit margin decreased slightly by 0.3 percentage point from 16.4% in 2018 to 16.1% during the year under review.

Polyester thin films

Average selling price of polyester thin films was RMB9,015 per ton, representing no significant change as compared to RMB9,016 per ton in 2018. The average gross profit of polyester thin films products per ton increased from RMB1,243 in 2018 to RMB1,939 during the year under review. The gross profit margin increased by 7.7 percentage points from 13.8% in 2018 to 21.5% during the year under review.

During the year under review, the increase in gross profit and gross profit margin of the Group as a whole was primarily attributable to the Group's continuous development of functional new products, the continuous growth as well as the continuous recovery of the polyester filament yarns and polyester thin films industry.

Analysis of gross profit by product

	2019		2018	
	RMB'000	***Percentage***	*RMB'000*	*Percentage*
Polyester filament yarns				
DTY	**1,033,301**	**63.9%**	862,261	63.2%
FDY	**177,782**	**11.0%**	200,881	14.7%
POY	**(19,049)**	**−1.2%**	3,886	0.3%
Other polyester filament yarns products*	**10,856**	**0.7%**	46,321	3.4%
Sub-total	**1,202,890**	**74.4%**	1,113,349	81.6%
Polyester thin films				
BOPET thin films	**398,457**	**24.6%**	224,905	16.5%
Other polyester thin films products**	**15,599**	**1.0%**	25,667	1.9%
Sub-total	**414,056**	**25.6%**	250,572	18.4%
Total	**1,616,946**	**100.0%**	1,363,921	100.0%

* *Other polyester filament yarns products represent PET chips and wasted filament generated during the production process.*

** *Other polyester thin films products represent polyester chips, polyester films and wasted filament generated during the production process.*

Breakdown of Product Selling Price, Cost and Gross Profit (Average per ton)

	2019	2018
	RMB	*RMB*
Polyester filament yarns		
Average selling price	**10,066**	10,595
Average cost of sales	**8,445**	8,856
Average gross profit	**1,621**	1,739
Average gross profit margin	**16.1%**	16.4%
Polyester thin films		
Average selling price	**9,015**	9,016
Average cost of sales	**7,076**	7,773
Average gross profit	**1,939**	1,243
Average gross profit margin	**21.5%**	13.8%

4. Other revenue

Other revenue of the Group in 2019 amounted to RMB157,980,000, representing an increase of 34.6% as compared to RMB117,342,000 in 2018. Other revenue mainly included bank interest income, government grants and gains on sales of raw materials. Such change was mainly attributable to the combined effect of an increase in gains from government grants and an increase in bank interest income as compared to those of the same period last year and a decrease in gains on sales of raw materials as compared to those of the same period last year.

5. Other net gain

Other net gain of the Group in 2019 amounted to RMB37,759,000, representing a decrease of 63.5% as compared to RMB103,527,000 in 2018. Other net gain mainly comprised the realised and unrealised gains on other financial assets and the net exchange loss. Such change was mainly attributable to the decrease in realised and unrealised gains on other financial assets and the increase in net exchange loss.

6. *Selling and distribution expenses*

Selling and distribution expenses of the Group in 2019 amounted to RMB89,608,000, representing an increase of 8.3% as compared to RMB82,772,000 in the 2018. Selling and distribution expenses mainly comprised transportation costs, wages of our sales staffs, operating expenses and promotion expenses. Such increase was mainly due to the increase in transportation costs resulted from the increase in sales volume.

7. *Administrative expenses*

Administrative expenses of the Group in 2019 amounted to RMB442,672,000, increased by 11.8% as compared to RMB395,867,000 in 2018. Administrative expenses mainly comprised research and development costs, depreciation on office equipment, staff wages, general office expenses, professional and legal fees, etc. Such increase was mainly due to the increase in the costs of research and development. The company has always attached importance to product research and development and technological innovation, so the research and development cost increased from RMB274,935,000 in 2018 to RMB297,481,000 in 2019, representing an increase of 8.2%.

8. *Finance costs*

Finance costs of the Group in 2019 amounted to RMB214,804,000, increased by 24.8% as compared to RMB172,081,000 in 2018. The change was mainly due to the increase in the discounting of notes as a result of the increase in discounting expenses during the year.

9. *Income tax*

Income tax of the Group in 2019 amounted to RMB212,379,000, increased by 32.7% as compared to RMB160,050,000 in 2018. Such change was mainly due to an increase in profit before income tax of the Group and payment of withholding income tax arising from dividends distribution to Billion Development (Hong Kong) Limited by Billion Fujian.

Billion Fujian and Billion High-tech, major subsidiaries of the Group, were recognized as the Advanced and New Technology Enterprises and entitled to a preferential tax rate of 15% in 2019.

10. *Profit for the year*

Profit of the Group in 2019 amounted to RMB853,222,000, increased by RMB79,202,000 or 10.2% as compared to RMB774,020,000 in 2018, while the net profit margin of 9.1% represented an increase of 0.1 percentage point as compared to 9.0% in 2018, which was mainly attributable to the Group's continuous development of functional new products, the continuous growth as well as the continuous recovery of the polyester filament yarns and polyester thin films industry.

Financial position

1. ***Liquidity and capital resources***

As at 31 December 2019, cash and cash equivalent of the Group amounted to RMB201,398,000, decreased by RMB254,225,000 or 55.8% as compared to RMB455,623,000 as at 31 December 2018. Such decrease was mainly due to the combined effect of the increase in cash inflow from operating activities, the decrease in bank wealth management products held and expansion of plants and procurement of production facility during the year under review.

During the year under review, net cash inflow from operating activities amounted to RMB4,268,375,000, net cash outflow used in investing activities amounted to RMB2,356,650,000 and net cash outflow from financing activities amounted to RMB2,164,104,000.

The Group satisfies its working capital needs mainly with cash inflows from operating activities. During the period under review, inventory turnover days were 88.4 days (2018: 59.6 days), an increase of 28.8 days as compared to the same period last year, which was mainly due to the further in sales due to the continuous recovery of the industry and upon the expansion of the Group. Accordingly, the Group increased inventory to prepare for the sales activities in the upcoming year. The trade receivable turnover days were 10.4 days (2018: 10.3 days), representing no significant change as compared to the same period last year. The trade payable turnover days were 410.9 days (2018: 78.8 days), representing an increase of 332.1 days as compared to the same period last year mainly due to the growth scale of the Group and the Group's increasing discretion authority over goods payments, which increased the discounting of notes.

As at 31 December 2019, the Group had capital commitments of RMB1,802,082,000, which were mainly used for the expansion of production capacity as well as development of the production line for polyester industrial yarn products in Jinjiang.

2. ***Capital Structure***

As at 31 December 2019, the total liabilities of the Group amounted to RMB9,831,942,000, whereas capital and reserves amounted to RMB6,660,460,000. The gearing ratio (total liabilities divided by total equity) was 147.6%. Total assets amounted to RMB16,492,402,000. The debt-to-assets ratio (total assets divided by total liabilities) was 1.7 times. Bank loans of the Group amounted to RMB1,613,982,000, of which RMB1,142,549,000 were repayable within one year, and RMB471,433,000 were repayable after one year. 3.2% of the bank borrowings were secured by properties and restricted bank deposits.

Significant investments held, material acquisitions and disposals of subsidiaries, and future plans for material investments or acquiring capital assets

As at 31 December 2019, the Group held bank wealth management products (collectively, the "**Investments**") and principal-guaranteed structural bank deposits totaling approximately RMB310,245,000. Information of the Investments as at 31 December 2019 are as follows:

Name of the wealth management products issuer	Name of the wealth management products	Initial Investments cost *(RMB'000)*	Unrealised gains on fair value change for the year ended 31 December 2019 *(RMB'000)*	Fair value as at 31 December 2019 *(RMB'000)*	Percentage to the Group's net assets as at 31 December 2019
Bank of Quanzhou	Haixi•Yuanquan – Xingyun Liushui Series Institutional Wealth Management Product	100,000	3,972	103,972	1.6%
Industrial Bank	Structural Bank Deposits	200,000	6,273	206,273	3.1%

Haixi•Yuanquan-Xingyun Liushui Series Institutional Wealth Management Product ("**Bank of Quanzhou Wealth Management Product**") and principal-guaranteed structural bank deposits in the Industrial Bank represented 0.6% and 1.3% respectively of the total assets of the Group as at 31 December 2019.

Bank of Quanzhou Wealth Management Product do not guarantee the principal or any return on the Investments. In the event that the value of the underlying asset in the respective relevant investment portfolio of Bank of Quanzhou falls below the principal amount of the Investments purchased by the Group at the time of the redemption or maturity of the Investments, the Group may lose the entire amount of principal invested in the Investments.

We believe that the Investments offer better returns when compared to the fixed-term deposit interest rates offered by commercial banks in China and the Investments are for the purpose of optimizing the use of the Group's idle cash without adversely affecting the Group's working capital and operations of the main business of the Group. The directors are of the view that the terms of the Investments are fair and reasonable and are in the interests of the Group and its shareholders as a whole.

Save for those disclosed in this announcement, there were no other significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the period under review.

The Group will continue to seek opportunities in utilising its idle cash by investing in appropriate financial products. The Company's future plan in the coming year for other material investments and additions of capital assets is primarily related to the expansion of domestic production capacity as well as development of the Vietnam production business. The Company intends to finance such plan through internally generated funds and bank loans.

Charges on assets

Save as disclosed in this announcement, there was no other charge on Group's assets as of 31 December 2019.

Contingent liabilities

As at 31 December 2019, the Group did not have any contingent liabilities (2018: Nil).

Foreign currency risk

As most of the Group's operating costs and expenses are denominated in Renminbi, the Group's operation is not exposed to significant foreign currency risk. As at 31 December 2019, the Group's foreign currency risk exposure was mainly derived from the net liabilities exposure denominated in United States Dollars of RMB89,975,000 and net liabilities exposure denominated in Euro of RMB8,152,000.

Employees and remuneration

As at 31 December 2019, the Group had a total of 7,208 employees. The remuneration for employees is determined in accordance with their performance, professional experience and the prevailing market conditions. The management reviews the Group's employee remuneration policy and arrangements on a regular basis. Apart from pension, the Group also grants discretionary bonus to certain employees as awards in accordance with individual performance.

BUSINESS OUTLOOK

Although the recovery of global trade and investment is slower than expected, the easing of the US-Sino trade war and the loosening of monetary policy by major central banks around the world and the introduction of various fiscal stimulus policies in some countries in response to the economic slowdown, global economic growth will be slightly improved in this year, recession risks will be limited, monetary policy will be looser, and the economic outlook will be flat. In recent years, the price and spread performance of polyester filament yarns have been stronger than that in the same period in history. The concentration has continued to increase at the same time as the conversion of old and new capacity.

As the largest polyester filament yarns manufacturer in Southern China, the largest differentiated chemical fiber production base in Fujian region and one of China's top 500 private enterprises, the Group has always been focusing on technological innovation. It adopts the world advanced melt-direct spinning differentiated chemical fiber production line, and possesses the leading spinning and texturing equipment and technology in the industry. Benefiting from the economic cycle and the rise of the crude oil price, the price trend of polyester products of the Group continued to improve. In addition, the continuous launch of new products has driven up the price of the Group's products and coupled with our appropriate cost control, the Group's overall business has experienced steady growth.

The Billion Vietnam Polyester Filament Project, which has an iconic significance for the Group's expansion into emerging markets, was formally put into operation in September 2019, further expanding the Group's overseas markets. Furthermore, in view of the increasing consumption of polyester industrial yarns in the PRC in recent years, in particular, the accelerating expansion of the polyester industrial yarns market in Eastern China, the Group is investing approximately US$185 million to set up a production line for polyester industrial yarn products to expand this business. The total production capacity of the new manufacturing facilities will be approximately 250,000 tons per annum, and they are expected to gradually commence commercial production in the second quarter of 2020.

Polyester thin films consumption has been increasing in China in recent years, and China has become an important production base for polyester thin films products worldwide. By expanding the existing polyester thin film business, the Company will be able to leverage its existing scale and expertise in manufacturing polyester thin films to enjoy the growth of this market. The Group currently has geographical, technological and cost advantages in the polyester thin film industry. At a time when the industry is still in the blue ocean stage, the future polyester thin film will remain an important performance growth driver of the Group. Therefore, the Group is investing approximately US$230 million to establish a polyester thin film production line in the three years from 2019 to 2021. Upon completion, its estimated total production capacity will be approximately 255,000 tons per year.

After the expansion plans for the polyester industrial yarn project and the polyester thin film project are completed, the size of the Group, and the sales volume and sales revenue of products will further increase. However, due to the impact of the continuing of the epidemic, there was some short-term impacts on the overall textile industry and the sales of the Group. However, as the textile industry is still well-founded, we remain confident in the medium and long-term development of the business.

DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 29 April 2020 to Wednesday, 6 May 2020 (both days inclusive) for the purpose of determining shareholders who are entitled to attend and vote at the forthcoming AGM. In order to qualify for attending and voting at the AGM, all transfers accompanied by the relevant share certificate must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 28 April 2020.

AUDIT COMMITTEE

The audit committee of the Board had reviewed, together with the management, the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year ended 31 December 2019. The audit committee of the Board has also met and discussed with the Group's external auditors, KPMG, regarding the Group's audit and financial reporting matters.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company believes that corporate governance is essential to its success and has adopted various measures to ensure that a high standard of corporate governance is maintained. The Board is committed to upholding a high standard of good corporate governance practices and procedures with a view to enhancing investors' confidence and the Company's accountability and transparency. For the year ended 31 December 2019, the Company complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules (the "**Corporate Governance Code**").

DIRECTORS' 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 the code of conduct for securities transactions by the Directors. All the Directors confirmed, following specific enquiries by the Company, that they had complied with the required standard as set out in the Model Code during the year ended 31 December 2019.

The Company has also established written guidelines (the "**Employees Written Guidelines**") on terms no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company during the year ended 31 December 2019. In case the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its Directors and relevant employees in advance.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

During the year ended 31 December 2019, the Company bought back its own shares on the Stock Exchange, details of which are as follows:

Month/Year	Number of shares bought back	Highest price paid per share *HK$*	Lowest price paid per share *HK$*	Aggregate price paid *RMB*
March 2019	484,000	12.44	10.68	4,790,000
April 2019	626,000	13.60	11.50	6,733,000
May 2019	830,000	14.36	13.00	9,875,000
July 2019	186,000	4.73	4.48	751,000
August 2019	452,000	5.85	5.35	2,274,000
September 2019	36,000	5.98	5.90	194,000
November 2019	306,000	4.95	3.50	1,131,000
December 2019	290,000	6.15	5.05	1,495,000
Total	3,210,000			27,243,000

Pursuant to section 37(3) of the Companies Law of the Cayman Islands, 3,210,000 shares were bought back in 2019 and the shares bought back were cancelled. Accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37(4) of the Companies Law of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of RMB27,000 was transferred from share premium to the capital redemption reserve. The premium paid on the repurchase of the shares of approximately HK$31,290,000 (equivalent to RMB27,216,000) was charged to share premium.

The purchase of the Company's shares during the year was effected by the Directors, pursuant to the mandate from shareholders received at the last annual general meeting, with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share of the Group.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year under review.

SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of the total issued capital of an issuer must be held by the public at any time. Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this announcement, save as at 16 August 2019, the public float of the Company was approximately 15.13% but has been restored in the afternoon on 19 August 2019 to approximately 25.86% as at the close of business on 19 August 2019, the Company has maintained the prescribed public float of not less than 25% of the Company's issued shares as required under the Listing Rules for the year ended 31 December 2019 and the subsequent period ended the date of this announcement.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This annual results announcement is also published on the Company's website (www.baihong.com) and the designated website of the Stock Exchange (www.hkexnews.hk). The annual report for the year ended 31 December 2019 containing all the information required by the Listing Rules will be despatched to the shareholders and available on the above websites in due course.

By order of the Board
Billion Industrial Holdings Limited
Sze Tin Yau
Co-Chairman

Hong Kong, 20 March 2020

As at the date of this announcement, the board of directors of the Company comprises Mr. Sze Tin Yau and Mr. Wu Jinbiao as executive directors, Mr. Zhang Shengbai as non-executive director and Mr. Chan Shek Chi, Mr. Lin Jian Ming and Mr. Shih Chun Pi as independent non-executive directors.