ASIA TELE-NET AND TECHNOLOGY CORPORATION LIMITED

亞 洲 聯 網 科 技 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 679)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

The Board of Directors (the "Board") of Asia Tele-Net and Technology Corporation Ltd (the "Company") announced that the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2019 ("Period Under Review") together with last year's comparative figures are as follows:–

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	2019 HK$'000	2018 HK$'000
Revenue - contracts with customers	4	357,698	342,750
Cost of sales		(257,890)	(284,897)
Gross profit		99,808	57,853
Gain on remeasurement of Deferred Consideration	10	607,903	-
Gain on change in fair value of ACC	10	128,744	57,258
Other gains and losses	5	393	(10,968)
Other income		215,910	166,901
Selling and distribution costs		(15,278)	(17,738)
Administrative expenses		(136,348)	(104,540)
Impairment losses under expected credit loss model, net of reversal		(63,138)	(9,891)
Finance costs	6	(2,468)	(1,699)
Share of results of associates		(1,476)	(769)
Profit before taxation		834,050	136,407
Taxation	7	(220,751)	(51,938)
Profit for the year	8	613,299	84,469

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTE	2019 HK$'000	2018 HK$'000
Other comprehensive (expense) income			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations			
- subsidiaries		(29,702)	(61,329)
- associate		(355)	703
Other comprehensive expense for the year		(30,057)	(60,626)
Total comprehensive income for the year		583,242	23,843
Profit (loss) for the year attributable to:			
Owners of the Company		614,056	84,513
Non-controlling interests		(757)	(44)
		613,299	84,469
Total comprehensive income (expense) for the year attributable to:			
Owners of the Company		583,998	23,890
Non-controlling interests		(756)	(47)
		583,242	23,843
Earnings per share	9		
Basic		HK$1.44	HK$0.20

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		30,303	36,623
Right-of-use assets		9,066	-
Deferred Consideration	10	1,269,354	1,069,873
Loans receivable	11	47,550	-
Interests in associates		517	2,348
		1,356,790	1,108,844
Current assets			
Inventories		32,366	50,125
Deferred Consideration	10	1,004,976	354,655
Loans receivable	11	21,647	65,010
Contract assets		58,331	59,260
Debtors and prepayments	12	53,414	92,633
Held-for-trading investments		20,907	29,131
Amounts due from associates		46	42
Taxation recoverable		2,019	982
Pledged bank deposits		159	3,315
Bank balances and cash		125,001	141,477
		1,318,866	796,630
Current liabilities			
Creditors and accrued charges	13	103,956	150,786
Warranty provision		30,043	35,784
Contract liabilities		20,591	25,169
Lease liabilities		6,801	-
Taxation payable		3,910	5,143
		165,301	216,882
Net current assets		1,153,565	579,748
Total assets less current liabilities		2,510,355	1,688,592

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

AT 31 DECEMBER 2019

	NOTE	2019 HK$'000	2018 HK$'000
Capital and reserves			
Share capital		4,265	4,265
Reserves		1,858,426	1,274,428
Equity attributable to owners of the Company		1,862,691	1,278,693
Non-controlling interests		(1,151)	506
Total equity		1,861,540	1,279,199
Non-current liabilities			
Accrued charges	13	74,462	48,092
Warranty provision		1,128	854
Lease liabilities		327	-
Deferred taxation		572,898	360,447
		648,815	409,393
		2,510,355	1,688,592

Notes:

1. GENERAL

Asia Tele-Net And Technology Corporation Limited (the "Company") is incorporated in Bermuda under The Companies Act 1981 of Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

The Company is an investment holding company and its principal subsidiaries are mainly engaged in electroplating equipment business.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

New and Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015 - 2017 Cycle

Except HKFRS16 "Leases", the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain buildings and financial instruments, which are measured at revalued amounts or fair values, at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

4. REVENUE AND SEGMENT INFORMATION

Revenue

Disaggregation of revenue from contracts with customers

	2019 HK$'000	2018 HK$'000
Types of goods or service		
Construction contracts in respect of design, manufacturing and sale of custom-built electroplating machinery and other industrial machinery		
- Printed Circuit Boards	183,403	162,812
- Surface Finishing	85,994	47,989
	269,397	210,801
Sale of spare parts of electroplating machinery	9,835	11,951
Provision of services - repairs, maintenance and modification	78,466	119,998
Total	357,698	342,750

	2019 HK$'000	2018 HK$'000
Timing of revenue recognition		
A point in time	9,835	11,951
Overtime	347,863	330,799
Total	357,698	342,750

The disaggregation of revenue by geographical location of external customers are set out in "Segment information" in note 4.

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information

Segment revenue and results

The Group has one operating segment being the electroplating equipment segment which contributes the entire revenue of the Group. For the purpose of resources allocation and assessment of performance, the executive directors, being the chief operating decision makers, regularly review the Group's revenue by types of goods or services, no further discrete financial information was provided other than segment results of the operating segment as a whole. Reconciliation of the operating segment result to profit before taxation is as follows:

	Electroplating equipment	
	2019	2018
	HK$'000	HK$'000
Segment revenue	357,698	342,750
Segment profit (loss)	2,517	(33,100)
Intra-group management fee charged to operating segment	5,917	6,637
Other income	214,247	164,838
Central corporate expenses	(53,547)	(29,471)
Gain on remeasurement of Deferred Consideration (note 10)	607,903	-
Gain on change in fair value of ACC (note 10)	128,744	57,258
Impairment losses under expected credit loss model for loans receivable, GCC and RGCC, net of reversal	(63,714)	(8,948)
Imputed interest on non-current portion of provision for performance related incentive payments (note 13)	(1,877)	(1,696)
Other gains and losses	(6,140)	(19,111)
Profit before taxation	834,050	136,407

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Segment information (continued)

Segment revenue and results (continued)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit (loss) represents the gross profit of the electroplating equipment segment, other income and expenses directly attributable to the segment activity (including intra-group management fee) and share of results of associates but excluding other income (including interest income from loans receivable, imputed interest income of GCC and RGCC, unallocated interest income and sundry income), central corporate expenses including auditor's remuneration and directors' emoluments, gain on remeasurement of Deferred Consideration, gain on change in fair value of ACC, impairment losses under expected credit loss model for loans receivable, GCC and RGCC (net), imputed interest on non-current portion of provision for performance related incentive payments and other gains or losses (including net change in fair value of held-for-trading investments and adjustment on non-current portion of provision for performance related incentive payments). This is the measure reported to the chief operating decision maker in order to assess segment performance.

Segment assets and liabilities

Amounts of segment asset and liabilities of the Group are not reviewed by the chief operating decision makers or otherwise regularly provided to the chief operating decision makers, accordingly, segment assets and liabilities are not presented.

Other segment information

	Electroplating equipment	
	2019	2018
	HK$'000	HK$'000
Amounts included in the measure of segment result:		
Reversal of impairment losses (impairment losses) under expected credit loss model, for trade debtors and contract assets, net of reversal	576	(943)
Allowance for slow moving inventories	(450)	(1,953)
Share of results of associates	(1,476)	(769)
Loss on disposal of property, plant and equipment	(23)	(10)
Depreciation	(15,651)	(7,010)
Provision for warranty, net of reversal	465	(6,631)

	Unallocated	
	2019	2018
	HK$'000	HK$'000
Amounts regularly provided to the chief operating decision makers but not included in the measure of segment profit or loss:		
Gain on remeasurement of Deferred Consideration	607,903	-
Impairment losses under expected credit loss model for loans receivable, GCC and RGCC, net of reversal	(63,714)	(8,948)
Net change in fair value of held-for-trading investments	(10,504)	(19,101)
Gain on change in fair value of ACC	128,744	57,258
Imputed interest income of GCC and RGCC	209,352	160,309
Adjustment on non-current portion of provision for performance related incentive payments	4,364	-
Imputed interest on non-current portion of provision for performance related incentive payments	(1,877)	(1,696)

4. REVENUE AND SEGMENT INFORMATION (CONTINUED)

Geographical information

The Group's operations are mainly located in Hong Kong, the People's Republic of China (excluding Hong Kong) (the "PRC"), Taiwan, Europe, the United States of America and other Asia countries.

Information about the Group's revenue from external customers is presented based on the location of external customers.

	2019 HK$'000	2018 HK$'000
PRC	178,668	204,305
Taiwan	59,860	69,214
Mexico	41,110	4,038
The United States of America	14,729	10,471
Germany	13,448	5,950
Thailand	12,001	12,195
India	10,615	7,814
The United Kingdom	6,460	2,663
Other European countries	6,198	30
United Arab Emirates	3,740	2,092
Russia	3,492	6,957
Singapore	2,699	3,333
Hong Kong	829	3,543
Others	3,849	10,145
	357,698	342,750

Information about the Group's non-current assets excluding financial instruments is presented based on the geographical location of the assets.

	2019 HK$'000	2018 HK$'000
Hong Kong	25,486	30,389
PRC	13,477	5,674
Others	923	2,908
	39,886	38,971

Information about major customers

Revenue from customers under the electroplating equipment segment of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2019 HK$'000	2018 HK$'000
Customer A	72,465	38,766

5. OTHER GAINS AND LOSSES

	2019 HK$'000	2018 HK$'000
Net change in fair value of held-for-trading investments	(10,504)	(19,101)
Net exchange gain	6,969	8,198
Loss on disposal of property, plant and equipment	(23)	(10)
Adjustment on non-current portion of provision for performance related incentive payments (note 13)	4,364	-
Other gains and losses	(413)	(55)
	393	(10,968)

6. FINANCE COSTS

	2019 HK$'000	2018 HK$'000
Interest on bank borrowing	-	3
Interest on lease liabilities	591	-
Imputed interest on non-current portion of provision for performance related incentive payments (note 13)	1,877	1,696
	2,468	1,699

7. TAXATION

	2019 HK$'000	2018 HK$'000
The taxation charge comprises:		
Hong Kong taxation		
Overprovision in prior years	(48)	-
Overseas taxation		
Charge for the year	5	95
Under(over)provision in prior years	19	(139)
	(24)	(44)
Deferred tax charge	220,775	51,982
	220,751	51,938

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2018 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Company considered the amount involved upon implementation of the two-tiered profits tax rates regime as insignificant to the consolidated financial statements. Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No tax was payable on the profit for the year ended 31 December 2019 arising in Hong Kong for certain group entities since the assessable profit is wholly absorbed by tax losses brought forward.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the remaining group entities subjected to Hong Kong Profits Tax have no assessable profit for both years.

Overseas taxation (including PRC enterprise income tax) is calculated at the rates prevailing in the relevant jurisdictions.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

8. PROFIT FOR THE YEAR

	2019 HK$'000	2018 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Auditor's remuneration	1,624	1,708
Cost of inventories recognised as expenses (including allowance for slow moving inventories of approximately HK$450,000 (2018: approximately HK$1,953,000))	157,012	190,010
Depreciation of property, plant and equipment	7,365	7,270
Depreciation of right-of-use assets	8,601	-
Operating lease payments in respect of rented premises	-	11,643
Staff costs:		
Directors' fee	300	294
Directors' salaries, other benefits and performance related incentive payments	37,058	11,392
Salaries and allowances	113,822	119,265
Redundancy cost	11,282	-
Contributions to retirement benefits schemes	1,940	2,043
	164,402	132,994
Impairment losses allowance for financial assets and contract assets, net of reversal:		
- Trade debtors	(649)	1,043
- Contract assets	73	(100)
- Loans receivable	813	(690)
- GCC and RGCC	62,901	9,638
	63,138	9,891
Interest income from financial assets at amortised cost (included in other income):		
Interest income from loans receivable	(3,660)	(3,552)
Imputed interest income of GCC and RGCC (note 10)	(209,352)	(160,309)
Interest earned on bank deposits	(1,173)	(1,540)
	(214,185)	(165,401)
Dividend income	(258)	(268)

9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2019 HK$'000	2018 HK$'000
The Group's profit for the year attributable to owners of the Company	614,056	84,513
Number of ordinary shares	426,463,400	426,463,400

No diluted earnings per share have been presented as there are no potential ordinary shares in issue during both years.

10. DEFERRED CONSIDERATION

On 7 August 2011, a wholly-owned subsidiary of the Company entered into an agreement (the "Re-development Agreement") with an independent third party (the "Counter Party") in relation to a re-development plan (the "Re-development Plan") of two parcels of industrial land located in Bao An District, Shenzhen, the PRC (the "Land") from industrial land into residential properties for resale. Details of the Re-development Agreement are set out in the Company's circular dated 19 September 2011. Pursuant to the Re-development Agreement, the Group agreed to vacate from the Land and demolish the existing buildings and structures built or erected on the Land at its own costs, and the Counter Party agreed to re-develop the Land into residential properties and to compensate the Group by paying a relocation compensation of RMB50 million (approximately HK$64 million) to the Group and transferring the title of 41,000 sq.m. marketable residential or commercial properties which do not include subsidised apartments and any floor area reserved for public facilities usage on the redeveloped land (the "Relevant Properties") to the Group upon the completion of the Re-development Plan. Pursuant to the Re-development Agreement, the Counter Party is responsible for the set up of a project company (the "Project Company") for the purpose of the Re-development Plan. The Project Company was established by the Counter Party in August 2011.

According to the terms of the Re-development Agreement, the Group recognised the right to receive the Relevant Properties (the "Deferred Consideration") of approximately HK$999,560,000, based on the valuation report issued by Avista Valuation Advisory Limited ("Avista"), an independent professional valuer. The Deferred Consideration was initially recognised at its fair value and subsequently carried at cost less impairment.

On 4 January 2017, the Group, the Counter Party and the Project Company entered into the supplemental agreements (the "Supplemental Agreements") to amend certain terms associated with the settlement arrangement of the Re-development Plan. Pursuant to the Supplemental Agreements, instead of transferring the title of the Relevant Properties, the Group is offered a guaranteed cash consideration of RMB1.23 billion (equivalent to approximately HK$1,403,789,000) ("GCC"), payable by six tranches within fifteen days after eighteen months of the issue of the presales certificate without waiting for the completion of the Re-development Plan. The first tranche will be payable within fifteen days after three months of the issue of the pre-sales certificate and the next tranche will be payable three months thereafter and so on. Apart from GCC, the Group will receive additional cash consideration representing the difference between the actual net sales proceed less RMB1.23 billion ("ACC"). Actual net sales proceed is equal to actual gross proceed to be received by the Project Company in respect of the Relevant Properties during the pre-sales period and after netting off value-added taxes, urban maintenance and construction tax, educational surtax, stamp duty, share of sales and marketing expenses and decoration expenses (if any). ACC in relation to residential properties will be payable within thirty-six months after the issue of the pre-sales certificate and ACC in relation to commercial properties will be payable within seventy-two months after the issue of the pre-sales certificate. The details of the amendment are set out in the Company's circular dated 15 February 2017. The transactions contemplated under the Supplemental Agreements were approved by the shareholders of the Company on 2 March 2017.

10. DEFERRED CONSIDERATION (CONTINUED)

With the effective of the Supplemental Agreements, the Group surrendered its right to receive the Relevant Properties in exchange for the right to receive GCC and ACC. The fair values of GCC and ACC were approximately HK$910,602,000 and HK$193,657,000 respectively at the initial recognition. The fair values of GCC and ACC had been arrived at using discounted cash flow method by discounting future cash flows at an interest rate of 14.9% per annum based on a valuation performed by Avista. Pursuant to the Supplemental Agreements, the deadline for the Project Company to obtain the pre-sales certificate is on or before 30 June 2019. In the estimation of the fair values of GCC and ACC, the directors of the Company expect the pre-sales certificate to be issued on 30 June 2019. Subsequent to the initial recognition, GCC is measured at amortised cost using the effective interest method, less any impairment while ACC is measured at fair value with changes in fair value through profit or loss.

The progress of the Re-development Plan up to 31 December 2018 is set out in the Company's 2018 annual report.

On 28 June 2019 and on 9 September 2019, the Group entered into the revised supplemental agreements ("Revised Supplemental Agreements") to amend certain terms of the Supplemental Agreements which was previously approved by the shareholders of the Company on 2 March 2017. Pursuant to the Revised Supplemental Agreements, instead of receiving GCC and ACC, the Group is offered a revised guaranteed cash consideration of RMB2.75 billion (equivalent to approximately HK$3.1 billion) payable by six tranches which will be due within on or before 6 January 2020 to on or before 5 January 2023 ("RGCC"). The details of the amendment are set out in the Company's announcement dated 28 June 2019. The transactions contemplated under the Revised Supplemental Agreements was approved by the shareholders of the Company on 24 October 2019.

As at 31 December 2018, the undiscounted gross amount of ACC was approximately HK$534,146,000. The Group recognised a gain on change in fair value of ACC of approximately HK$128,744,000 (2018: HK$57,258,000) included in other gains or losses in profit or loss during the year ended 31 December 2019. The increase of fair value for the year ended 31 December 2019 is mainly due to the increase in average unit rate of the properties.

As GCC and RGCC were carried at amortised cost, imputed interest of approximately HK$209,352,000 (2018: approximately HK$160,309,000) is recognised as other income in the profit or loss during the year ended 31 December 2019.

With the effective of Revised Supplemental Agreements, the Group surrendered its right to receive the GCC and ACC in exchange for the right to receive RGCC. The fair value of RGCC was approximately HK$2,182,605,000 at the initial recognition. The fair value of RGCC had been arrived at using discounted cash flow method by discounting future cash flows at an interest rate of 16.8% per annum based on a valuation performed by Avista. The Group recognised a gain on remeasurement of Deferred Consideration of HK$607,903,000 upon the initial recognition of RGCC during the year ended 31 December 2019. Subsequent to the initial recognition, RGCC is measured at amortised cost using the effective interest method, less any impairment.

Impairment losses under expected credit loss model of GCC and RGCC (net of reversal) of approximately HK$62,901,000 (2018: approximately HK$9,638,000) is recognised as other gains or losses in the profit or loss during the year ended 31 December 2019.

As at 31 December 2019, the Deferred Consideration is made up of RGCC of approximately HK$2,274,330,000 (net of impairment losses under expected credit loss model of HK$132,939,000) (2018: GCC of approximately HK$1,116,047,000 (net of impairment losses under expected credit loss model of HK$71,404,000) and ACC of approximately HK$308,481,000).

With the expected receipt of first two tranches of RGCC in year 2020, the carrying amount of RGCC of approximately HK$1,004,976,000 as at 31 December 2019 is classified as current assets.

10. DEFERRED CONSIDERATION (CONTINUED)

With the expected receipt of first tranche of GCC in year 2019, the carrying amount of GCC of approximately HK$354,655,000 as at 31 December 2018 was classified as current assets.

Subsequent to 31 December 2019, the first tranche of RGCC of RMB400 million is received by the Group in cash.

11. LOANS RECEIVABLE

The following is the maturity profile of the loans receivable at the end of the reporting period:

	2019 HK$'000	2018 HK$'000
Repayable after one year (note 1)	49,000	-
Repayable within one year (notes 1 and 2)	22,000	66,000
Less: Impairment losses under expected credit loss model	(1,803)	(990)
	69,197	65,010
Analysed for reporting purposes as:		
Current	21,647	65,010
Non-current	47,550	-
	69,197	65,010

Notes:

(1) On 31 October 2016, the Group entered into a loan facility agreement ("2016 Loan Facility Agreement") with Karl Thomson Financial Group Limited ("KTFG"), which is a wholly owned subsidiary of Hong Kong Finance Investment Holding Group Limited ("Hong Kong Finance Investment"). Mr. Lam Kwok Hing, an executive director and the ultimate controlling shareholder of the Company, and Mr. Nam Kwok Lun, an executive director of the Company who has an indirect interest in the Company, are the directors of Hong Kong Finance Investment. Pursuant to 2016 Loan Facility Agreement, the Group provides an unsecured revolving loan facility of HK$130,000,000 bearing interest at prime rate as announced from time to time by The Hong Kong and Shanghai Banking Corporation Limited for lending Hong Kong Dollars ("Prime Rate") for a term of three years commencing from the loan effective date and ending on 30 October 2019.

On 21 October 2019, the Group entered into a loan facility agreement ("2019 Loan Facility Agreement") with KTFG, pursuant to which the Group has agreed to provide an unsecured revolving loan facility of HK$130,000,000 bearing interest at Prime Rate for a term of three years commencing from the loan effective date and ending on 20 October 2022.

As at 31 December 2019, a loan of approximately HK$49,000,000 (2018: approximately HK$66,000,000) was drawn by KTFG according to the terms of the 2019 Loan Facility Agreement (2018: 2016 Loan Facility Agreement). The average effective interest rate, which is equal to contractual interest rate, is 5% (2018: 5.125%) per annum.

(2) A short term loan amounted approximately HK$6,000,000 as at 31 December 2019 was granted under a loan agreement with an independent third party as entered on 21 October 2019. The loan is bearing interest of 10% per annum and secured by several post-dated cheques as provided by the borrower.

Another short term loan amounted approximately HK$16,000,000 as at 31 December 2019 was granted under a loan agreement with an independent third party as entered on 23 October 2019. The loan is bearing interest of 6% per annum and secured by a second mortgage of a property as provided by the borrower. Subsequent to 31 December 2019, the loan was fully repaid.

As at 31 December 2019, impairment losses under expected credit loss model of loans receivable of approximately HK$1,803,000 (2018: approximately HK$990,000) are recognised.

12. DEBTORS AND PREPAYMENTS

	2019 HK$'000	2018 HK$'000
Trade debtors from contracts with customers	45,748	84,795
Less: Allowance for credit losses	(11,805)	(12,457)
	33,943	72,338
Other debtors and prepayments	19,471	20,295
	53,414	92,633

The following is an aged analysis of trade debtors net of allowance for credit losses presented based on the invoice date at the end of the reporting period, which is approximated the respective recognition dates for sales of goods or respective dates of the achievement of the relevant milestone as stipulated in the relevant construction or service contracts as appropriate:

	2019 HK$'000	2018 HK$'000
0 - 60 days	30,445	34,600
61 - 120 days	2,514	18,720
121 - 180 days	222	2,381
Over 180 days	762	16,637
	33,943	72,338

13. CREDITORS AND ACCRUED CHARGES

	2019 HK$'000	2018 HK$'000
Trade creditors	50,127	87,133
Accrued staff costs	16,356	17,675
Commission payables to sales agents	16,123	14,650
Dividend payables by subsidiaries to its non-controlling interests	901	-
Other creditors and accrued charges (note)	94,911	79,420
	178,418	198,878
Less: Non-current portion of accrued charges (note)	(74,462)	(48,092)
	103,956	150,786

Note: As at 31 December 2019, the non-current portion of accrued charges of approximately HK$74,462,000 (2018: approximately HK$48,092,000) represents the provision of performance bonus to the executive directors of the Company. An imputed interest expense of approximately HK$1,877,000 (2018: HK$1,696,000) is charged to profit or loss during the current year. With the effective of the Revised Supplemental Agreements, the estimated timing of payment of the non-current portion of provision is revised and an adjustment of provision for performance related incentive payments of approximately HK$4,364,000 is charged to profit or loss during the year ended 31 December 2019 (2018: nil).

The following is an aged analysis of trade creditors as at the end of the reporting period which is based on the invoice dates of the amounts due:

	2019 HK$'000	2018 HK$'000
0 - 60 days	27,579	30,773
61 - 120 days	11,298	16,870
121 - 180 days	6,081	13,185
Over 180 days	5,169	26,305
	50,127	87,133

The average credit period on purchase of goods is 60 - 120 days.

FINANCIAL RESULTS

During the year ended 31 December 2019 ("the Period Under Review"), the Group recorded profit attributable to owners of the Company of approximately HK$614,056,000 compared to the profit attributable to owners of the Company of approximately HK$84,513,000 for the year ended 31 December 2018 ("the Previous Period"), representing approximately 626.6% increase. The significant increase in Group's profit attributable to owners of the Company during the Period Under Review was primarily due to (i) the gain on remeasurement of deferred consideration; (ii) the gain on change in fair value of additional cash consideration and (iii) imputed interest income from guaranteed cash consideration. These gains were in relation to the Longhua development project. The Group also recorded an increase in gross profit margin.

The basic earnings per share for the Period Under Review was HK$1.44 compared to the basic earnings per share of HK$0.20 for the Previous Period.

FINANCIAL REVIEW

Revenue

The revenue for the Period Under Review was approximately HK$357,698,000 or 4.4% more than the Previous Period. Higher revenue reported during the Period Under Review was mainly due to increased sales in high-end communication device and automobile.

In terms of business segment, approximately 68.1% of the revenue was generated from PCB sector (the Previous Period: approximately 77.2%), and approximately 31.9% came from surface finishing sector (the Previous Period: approximately 22.8%).

In terms of the machines geographical installation base, the revenue composition during the Period Under Review was 49.9% machine values were installed in PRC (the Previous Period: 59.6%), 16.7% in Taiwan (the Previous Period: 20.2%), 11.5% in Mexico (the Previous Period: 1.2%), 4.1% in the USA (the Previous Period: 3.1%), 3.8% in Germany (the Previous Period: 1.7%), 3.4% in Thailand (the Previous Period: 3.6%), 3.0% in the India (the Previous Period: 2.3%), and 7.6% in rest of the world (the Previous Period: 8.3%).

Gross Profit

Tremendous effort was put in (i) to improve production efficiency, (ii) to ask for competitive material cost and (iii) to exercise tight control over post-sales activities including installation and warranty services. The average gross profit margin recorded an improvement from 16.9% in the Previous Period to 27.9% for the Period Under Review.

Gain on remeasurement of Deferred Consideration of approximately HK$607,903,000

On 28 June 2019 and 9 September 2019, the Group entered into the revised supplemental agreements ("Revised Supplemental Agreements") to amend certain terms of the Supplemental Agreements which was previously approved by the shareholders of the Company on 2 March 2017. Pursuant to the Revised Supplemental Agreements, instead of receiving Guaranteed Cash Consideration ("GCC") and Additional Cash Consideration ("ACC"), the Group is offered a revised guaranteed cash consideration of RMB2.75 billion (equivalent to approximately HK$3.1 billion) payable by six tranches which will be due within on or before 6 January 2020 to on or before 5 January 2023 (Revised Guaranteed Cash Consideration ("RGCC")). The details of the amendment are set out in the Company's circular dated 27 September 2019. The transactions contemplated under the Revised Supplemental Agreements was approved by the shareholders of the Company on 24 October 2019.

With the effective of Revised Supplemental Agreements, the Group surrendered its right to receive the GCC and ACC in exchange for the right to receive RGCC. The fair value of RGCC was approximately HK$2,182,605,000 at the initial recognition. The fair value of RGCC had been arrived at using discounted cash flow method by discounting future cash flows at an interest rate of 16.8% per annum based on a valuation performed by Avista. The Group recognised a gain on remeasurement of Deferred Consideration of HK$607,903,000 upon the initial recognition of RGCC during the year ended 31 December 2019 (the Previous Period: nil). Subsequent to the initial recognition, RGCC is measured at amortised cost using the effective interest method, less any impairment.

Gain on change in fair value of ACC of approximately HK$128,744,000

The Company has appointed an independent valuation company to determine the fair value for the Additional Cash Consideration under the supplemental agreements signed on 4 January 2017. Based on the valuation received, the Group has recorded a gain of approximately HK$128,744,000 (the Previous Period: HK$57,258,000).

Other gains and losses of approximately HK$393,000

This represented (a) Net change in unrealized fair value loss of held-for-trading investments of approximately HK$10,504,000 (the Previous Period: loss of HK$19,101,000) (b) net exchange gain of approximately HK$6,969,000 (the Previous Period: gain of HK$8,198,000) and (c) adjustment on non-current portion of provision for performance related incentive payments to the executive directors of the Company of approximately HK$4,364,000 (the Previous Period: nil).

(a) Net change in unrealized fair value loss of held-for-trading investments was approximately HK$10,504,000 (the Previous Period: loss of HK$19,101,000)

All held-for-trading investments were recorded at fair value as at 31 December 2019 and represented listed securities in Hong Kong. The loss of approximately HK$10.5 million represents fair value loss of investments held for trading, as a result of mark to market valuations as at the balance sheet date.

Below are information of the Group's held-for-trading investments as at 31 December 2019:

Company Name / Stock Code	% of Shareholding as at 31 December 2019	Fair value change HK$'000	Fair value as at 31 December 2019 HK$'000	% of Total Assets of the Group as at 31 December 2019	Fair value as at 31 December 2018 HK$'000	% of Total Assets of the Group as at 31 December 2018
Shanghai Industrial Urban Development Group Ltd. (563)	0.13%	(1,769)	5,978	0.22%	7,747	0.41%
South China Financial Holdings Ltd. (619)	0.91%	(744)	1,046	0.04%	1,790	0.09%
South China Holdings Company Ltd (413)	0.20%	(216)	4,961	0.19%	5,177	0.27%
Orient Victory Travel Group Company Ltd. (265)	0.38%	(4,316)	4,608	0.17%	8,924	0.47%
South China Assets Holdings Ltd. (8155)	0.45%	(555)	857	0.03%	1,412	0.07%
Bonjour Holdings Ltd (653)	1.01%	(2,285)	2,933	0.11%	2,938	0.15%
Others (*Note*)		(619)	524	0.02%	1,143	0.07%
Total		(10,504)	20,907	0.78%	29,131	1.53%

(b) Net exchange gain was approximately HK$6,969,000 (the Previous Period : gain of HK$8,198,000)

The net exchange gain was mainly due to the exchange gain arising from intercompany transactions. The production arm of the Group is based in China and normally bills the sales arm of the Group in Hong Kong Dollars. During the Period Under Review, RMB was depreciated by approximately 2.2% and hence the production arm of the Group recorded an exchange gain arising from the receivable which was denominated in Hong Kong dollars.

(c) Adjustment gain on non-current portion of provision for performance related incentive payments to the executive directors of the Company of approximately HK$4,364,000 (the Previous Period: nil)

As at 31 December 2019, the non-current portion of accrued charges of approximately HK$74,462,000 (31 December 2018: approximately HK$48,092,000) represents the provision of performance bonus to the executive directors of the Company. With the effective of the Revised Supplemental Agreements, the estimated timing of payment of the non-current portion of provision is revised and an adjustment of provision for performance related incentive payments of approximately HK$4,364,000 is charged to profit or loss during the Period Under Review (the Previous Period: nil).

Other income of approximately HK$215,910,000

This represented (a) interest and fees arising from loan receivables of approximately HK$4,050,000 (the Previous Period: HK$3,552,000) (b) interest received from bank deposits of approximately HK$1,173,000 (the Previous Period: HK$1,540,000) (c) imputed interest income of approximately HK$209,352,000 (the Previous Period: HK$160,309,000).

(a) Interest and fees arising from loan receivables

Reference is made to the announcement of the Company dated 31 October 2016 and the circular dated 20 December 2016 in relation to the provision of revolving loan. On 31 October 2016 (after trading hours), PAL Finance Limited, an indirect wholly owned subsidiary of the Company (the "Lender"), entered into a loan facility agreement with Karl Thomson Financial Group Limited (the "KTFG"), pursuant to which the Lender has agreed to provide a revolving loan facility of HK$130,000,000 bearing interest at Prime Rate for a term from 6 January 2017 to 30 October 2019 ("2016 Loan Facility Agreement").

On 21 October 2019, the Group entered into a loan facility agreement ("2019 Loan Facility Agreement") with KTFG, pursuant to which the Group has renewed the revolving loan facility of HK$130,000,000 with same terms for three years ending on 20 October 2022.

Pursuant to the 2016 Loan Facility Agreement and 2019 Loan Facility Agreement, the Group has received interest income and handling fee income of approximately HK$2,927,000 and HK$390,000 respectively (the Previous Period: approximately HK$3,538,000 and nil respectively) from KTFG.

Besides the revolving loan facility with KTFG, the Group has also received interest income of approximately HK$733,000 from other short term loans (the Previous Period: nil).

(b) Interest received from bank deposits

Interest income from bank deposits was approximately HK$1,173,000 (the Previous Period: HK$1,540,000).

(c) Imputed interest income

Please refer to note 10 of the financial information of this result announcement for more detailed explanation on the imputed interest income of approximately HK$209,352,000 (the Previous Period: HK$160,309,000)

Selling and Distribution Costs of approximately HK$15,278,000

The selling and distribution costs represented exhibition and marketing expenses, product and public liability insurance cost and the respective personnel cost on the sales team. Cost in the Period Under Review was 13.9% lower than the Previous Period. It was mainly due to decrease in personnel related cost.

Administrative expenses of approximately HK$136,348,000

The administrative expenses for the Period Under Review was 30.4% higher than the Previous Period. It was mainly due to (a) increase in provision for performance related incentive payments payable to executive directors of the Company, and (b) increase in general expenses.

(a) Provision for performance related incentive payments

Provision for performance related incentive payments is calculated by applying the pre-agreed percentage on the overall financial performance of the Group for a financial year and discounted to present value. Overall financial performance of the Group refers to the profit after taxes attributable to the owners of the company as reported in the annual report.

For the Period Under Review, provision for performance related incentive payments was approximately HK$28,858,000 (the Previous Period: HK$4,192,000). Such provision was calculated based on the assumptions that the Company shall receive the guaranteed cash consideration of RMB2.75 billion in accordance with the agreed timetable in accordance with the Revised Supplemental Agreements .

(b) Increase in general expenses

After taking out the provision for performance related incentive payments as disclosed above, the remaining administrative expenses was approximately HK$107,490,000 was 7.1% higher than the Previous Period (the Previous Period : HK$100,348,000). During the Period Under Review, the Group has terminated a small group of staff and the redundancy cost incurred was approximately HK$11,282,000. If the redundancy cost was not considered, the general administration expenses incurred during the Period Under Review was actually lower than the general administration expenses incurred in Previous Period.

As a benchmark, the average inflation rates in China and Hong Kong for 2019 were 2.9%[1] and 2.9%[2] respectively.

Impairment losses under expected credit loss model, net of reversal of approximately HK$63,138,000

This represented impairment losses under expected credit loss model for trade debtors, contract assets, loans receivable, GCC and RGCC, net of reversal as below:-

[1] Inflation rate in China is reported by the National Bureau of Statistics of China.
[2] Inflation rate in Hong Kong is reported by Census and Statistics Department of Hong Kong.

	Year ended 31 December	
	2019 HK$'000	2018 HK$'000
Trade debtors	(649)	1,043
Contract assets	73	(100)
Loans receivable	813	(690)
GCC and RGCC	62,901	9,638
	63,138	9,891

Finance cost of approximately HK$2,468,000

This represented mainly the imputed interest expenses on non-current portion of provision of performance related incentive payments of approximately HK$1,877,000 (the Previous Period: HK$1,696,000) and the interest expenses on lease liabilities of approximately HK$591,000 (the Previous Period: nil).

Since the provision for performance related incentive payments is discounted to present value, when the expected payment timetable comes closer, the present value of such incentive payments will be revised upwards. An imputed interest expense will arise accordingly.

The lease liability is treated as a borrowing, with its value increased as interest is recognised and decreased as lease payments are made.

Taxation

Taxation of approximately HK$220,751,000 (the Previous Period: HK$51,938,000) represented mainly taxes paid by our wholly-owned subsidiaries in China and Taiwan.

As the Group recorded a gain in relation to the Longhua Project before tax approximately HK$856,727,000 (the Previous Period: HK$202,041,000), the Group recorded a corresponding estimated taxes of approximately HK$220,775,000 (the Previous Period : HK$51,982,000).

Net gain in relation to the Longhua Project

As can be seen above, various incomes and expenses in relation to the property re-development plan in Longhua were recorded in the Period Under Review and the Previous Period. In order to help the shareholders to understand the overall impact, we have prepared a summary table below:-

	Year ended 31 December	
	2019 HK$'000	2018 HK$'000
Under "Other Income" – Imputed interest income on Guaranteed Cash Consideration and Revised Guaranteed Cash Consideration	209,352	160,309
Under "Administrative expenses" – Provision for directors' bonus	(28,858)	(4,192)
Under "Finance costs" – Imputed interest on non-current portion of provision for performance related incentive payments	(1,877)	(1,696)
Under "Gain on remeasurement of Deferred Consideration"	607,903	-
Under "Gain on change in fair value of Additional Cash Consideration"	128,744	57,258
Under "Impairment loss under expected credit loss model, net of reversal" – Impairment loss for Guaranteed Cash Consideration and Revised Guaranteed Cash Consideration	(62,901)	(9,638)
Under "Other gains and losses" – Adjustment on non-current portion of provision for performance related incentive payments	4,364	-
Under "Taxation"	(220,775)	(51,982)
Net gain in relation to the Longhua Project	635,952	150,059

Exchange difference arising on translation of foreign operation of approximately HK$29,702,000

This represented mainly the exchange difference arising on translation of operations in the PRC due to the depreciation in RMB (of approximately HK$4,731,000) and revaluation of Deferred Consideration and corresponding deferred tax liability (of approximately HK$24,972,000). The currency translation reserve was increased at the same amount.

Deferred Consideration

Please refer to note 10 of the financial information of this result announcement for more detailed explanation.

Loans receivable

On 31 October 2016, the Group entered into 2016 Loan Facility Agreement with KTFG, which is a wholly owned subsidiary of Hong Kong Finance Investment Holding Group Limited ("Hong Kong Finance Investment"). Mr. Lam Kwok Hing, an executive director and the ultimate controlling shareholder of the Company, and Mr. Nam Kwok Lun, an executive director of the Company who has an indirect interest in the Company, are the directors of Hong Kong Finance Investment. Pursuant to 2016 Loan Facility Agreement, the Group provides an unsecured revolving loan facility of HK$130,000,000 bearing interest at prime rate as announced from time to time by The Hong Kong and Shanghai Banking Corporation Limited for lending Hong Kong Dollars ("Prime Rate") for a term of three years commencing from the loan effective date and ending on 30 October 2019.

On 21 October 2019, the Group entered into 2019 Loan Facility Agreement with KTFG, pursuant to which the Group has agreed to renew the unsecured revolving loan facility of HK$130,000,000 on the same terms as in 2016 Loan Facility Agreement for three years ending on 20 October 2022.

As at 31 December 2019, a loan of approximately HK$49,000,000 (31 December 2018: approximately HK$66,000,000) was drawn by KTFG in accordance with the terms of the 2019 Loan Facility Agreement (31 December: 2016 Loan Facility Agreement). The average effective interest rate, which is equal to contractual interest rate, is 5% (The Previous Period: 5.125%) per annum.

As reported in above, the total interest and handling fee earned in relation to both loans was approximately HK$2,927,000 and HK$390,000 respectively (the Previous Period: approximately HK$3,538,000 and nil respectively).

During the Period Under Review, the Group has also granted a few short term loans with independent third parties bearing interest between 6% to 10% per annum and the Group has received interest income of approximately HK$733,000 from these short term loans. (the Previous Period: nil)

The carrying amount for each respective period is shown below:-

	As at 31/12/2019 HK$'000	As at 31/12/2018 HK$'000
Principal outstanding repayable within one year	22,000	66,000
Principal outstanding repayable after one year	49,000	-
Less impairment loss allowance	(1,803)	(990)
Net carrying amount	69,197	65,010
Analysed for reporting purpose as:		
Current	21,647	65,010
Non-current	47,550	-
	69,197	65,010

Held-for-trading investments under current assets

As at 31 December 2019, the Company had held-for-trading investment in listed securities in Hong Kong with a market value of approximately HK$20,907,000, representing an investment portfolio of fourteen listed equities in Hong Kong. The Board acknowledges that the performance of the equities may be affected by the degree of volatility in the Hong Kong stock market and susceptible to other external factors that may affect their values. Accordingly, in order to mitigate possible financial risks related to the equities, the Board will continue to maintain a diversified investment portfolio across various segments of the market and also closely monitor the performance progress of its investment portfolio from time to time going forward.

Please also refer to above section named “Other gains and losses”.

Creditors and accrued charges under current liability

The amount payable to creditors and accrued charges as at 31 December 2019 was HK$103,956,000 which was 31.1% lower than the Previous Period. The decrease was purely due to the decrease in the material ordered for 2020 orders on hands.

Accrued charges of approximately HK$74,462,000 under non-current liability

Please refer to note (a) of administrative expenses stated in above. It was related to provision for performance related incentive payments payable and was discounted to present value.

Contract assets

The Group is entitled to invoice customers for construction of custom-built electroplating machinery and other industrial machinery based on achieving a series of performance-related milestones. The contract assets represent the amount which the Group is entitled to claim against the customers for the work completed but not yet billed. They are not billed because the agreed performance-related milestones are still under processed. When a performance-related milestone of a certain project is completed, such related contract assets will be transferred to trade receivables.

Contract liabilities

From time to time, customers will pay to the Group various performance related milestone payments in accordance with accepted purchase orders or agreed contracts. Contract liabilities represent the Group's obligations to transfer goods or services to customers for which the Group has already received consideration from the customers.

Deferred taxation of approximately HK$572,898,000 under non-current liability

The Group has recorded a deferred taxation of approximately HK$568,583,000 as estimated taxation expenses in relation to the expected gain arising from the arrangement in relation to a site located at Longhua.

The balance of approximately HK$4,315,000 represented deferred tax liabilities recognized for accelerated tax depreciation of approximately HK$1,239,000 and revaluation of properties of approximately HK$3,076,000.

BUSINESS REVIEW ON ELECTROPLATING EQUIPMENT (UNDER THE TRADE NAME OF "PAL")

Electroplating Equipment-Printed Circuit Boards ("PCB") Sector

This sector is traded through our subsidiary Process Automation International Ltd ("PAL").

During the Period Under Review, the revenue in this business area increased from HK$162,812,000 in Previous Period to HK$183,403,000, representing 12.6% rise. Out of this total revenue, from the perspective of installation location, nearly 48.6% were shipments made to PRC (51.7% in Previous Period) and 27.3% were shipments made to Taiwan (26.7% in Previous Period).

Printed circuit boards (the "PCB") has wide application. It can be used in medical device (such as monitor, scanning technology, fluid control system), consumer electronics (such as smartphone, tablets), automotive device (such as surrounding monitor, car control system) and aerospace application. While our PCB customers engage in all of these applications, more focus are placed in consumer electronics and automotive device due to its high production volume. In year 2019, electroplating equipment we sold was mainly for manufacturing smartphone PCBs. It's worthwhile to look at relevant statistics to understand the underlying driver for our equipment sales.

Global sales of smartphones to end users contracted in the fourth quarter of 2019, declining 0.4% year over year (see Table 1), according to Gartner Inc.[3] In full year 2019, smartphone sales declined 1% (see Table 2).

Table 1
Worldwide Smartphone Sales to End Users by Vendor in 4Q19 (Thousands of Units)

Vendor	4Q19 Units	4Q19 Market Share (%)	4Q18 Units	4Q18 Market Share (%)
Samsung	70,404.4	17.3	70,782.5	17.3
Apple	69,550.6	17.1	64,527.8	15.8
Huawei	58,301.6	14.3	60,409.8	14.8
Xiaomi	32,446.9	8.0	27,843.6	6.8
OPPO	30,452.5	7.5	31,589.9	7.7
Others	145,482.1	35.8	153,312.9	37.5
Total	**406,638.1**	**100.0**	**408,466.4**	**100.0**

Due to rounding, numbers may not add up precisely to the totals shown
Source: Gartner (March 2020)

Table 2
Worldwide Smartphone Sales to End Users by Vendor in 2019 (Thousands of Units)

Vendor	2019 Units	2019 Market Share (%)	2018 Units	2018 Market Share (%)
Samsung	296,194.0	19.2	295,043.7	19.0
Huawei	240,615.5	15.6	202,901.4	13.0
Apple	193,475.1	12.6	209,048.4	13.4
Xiaomi	126,049.2	8.2	122,387.0	7.9
OPPO	118,693.2	7.7	118,787.1	7.6
Others	565,630.0	36.7	607,445.4	39.0
Total	**1,540,657.0**	**100.0**	**1,555,613.0**	**100.0**

Due to rounding, numbers may not add up precisely to the totals shown
Source: Gartner (March 2020)

[3] Gartner Inc. is founded in 1979 and is a leading research and advisory company.

Luckily, the drop was only moderate or it would have affected the desire to invest in capital expenditure. As far as our group is concerned, given that the demand on smartphone was stable, our equipment sales in year 2019 was moderately higher than in last year.

Electroplating Equipment-Surface Finishing ("SF") Sector

This sector is traded through our subsidiary PAL Surface Treatment Systems Ltd ("PSTS").

The revenue of the SF sector has increased by 79.2% from approximately HK$47,989,000 in the Previous Period to approximately HK$85,994,000 for the Period Under Review. Out of this total revenue, from the perspective of installation location, nearly 37.2% were shipments made to PRC (69.5% in Previous Period) and 47.8% were shipments made to Mexico (8.2% in Previous Period).

Our customers in this sector are mainly American and European multinational corporations and most of them operate in automobile industry. In 2019, car sales worldwide were mostly weaker. Although new car sales increased in Brazil and Europe, the Japanese, Russian and US markets were weaker while the car market in China and India contracted sharply (see Table 3).

Table 3
Worldwide Car Sales from 2015 to 2019

Region	2019	2018	2017	2016	2015
Europe (EU+EFTA)	15,805,800	15,624,500	15,631,700	15,131,700	14,201,900
Russia*	1,759,500	1,800,600	1,595,700	1,425,800	1,601,200
USA*	16,965,200	17,215,200	17,134,700	17,465,000	17,386,300
Japan	4,301,100	4,391,200	4,386,400	4,146,500	4,215,900
Brazil*	2,665,600	2,475,400	2,176,000	1,988,600	2,480,500
India	2,962,100	3,394,700	3,229,100	2,966,600	2,772,700
China	21,045,000	23,256,300	24,171,400	23,693,400	20,047,200
*Light vehicles	-	-	-	-	-
Combined:	65,504,300	68,157,900	68,325,000	66,817,600	62,705,700

Source: VDA[4]

Falling demand in China, the world's largest auto market, was a major factor in the worldwide decline in car sales in year 2019. "Structurally, environmental concerns about diesel cars — and anticipated regulatory responses — and the growth of ride-hailing and car-sharing schemes are weighing on auto demand" said by Mr. Brian Coulton, chief economist at Fitch (a credit ratings agency) in an interview.

Sales are forecasted to drop for a second consecutive year in 2020. In view of the weaken demand, several automobile manufacturers decided to cut back on production

- In early 2019, Hyundai decided to eliminate 1,500 jobs at its Beijing manufacturing plant after reporting a decline of 23 per cent in sales for 2018
- In Feb 2019, General Motors announced to reduce its headcount by 14,000 people and to close seven plants globally, including five in North America and two elsewhere. General Motors said its decision would have saved US$2 billion to US$2.5 billion in 2019.
- In June 2019, Ford announced it would cut 12,000 mostly hourly jobs at its operations in Europe by the end of 2020. The announcement came a month after plans to cut about 7,000 salaried jobs globally, including 2,300 in the US.
- Honda said it would close its Swindon plant by 2021, with the loss of about 3,500 jobs.

[4] The German Association of the Automotive Industry (VDA) consists of more than 620 companies involved in production for the automotive industry in the Federal Republic of Germany.

Facing strong wave of shut down and, not to forget, the institution of trade war in 2019, revenue generated by SF sector was not satisfactory although it was higher than in year 2018.

Outlook

The idea that 5G will drive more device sales is still up for debate. 5G smartphone sales were below expectations in 2019 due to two major reasons: 5G network coverage and availability of special 5G app are still limited. Nevertheless, Gartner predicts that 5G devices will account for 12% of all mobile phone shipments in 2020 as handset makers make their devices "5G ready," with the proportion increasing to 43% by 2022. Why launch of new 5G devices matters to us? It matters as it shall mean orders from mobile brand holders to our customers and hence investment in electroplating equipment. So far, only China has put up a statement confirming that they will not delay the implementation of 5G network. However, we do expect delay in other countries. As such, whether our group will be benefited from the launch of 5G is still a big unknown.

Coronavirus is no doubt the black swan of 2020, prompting an unprecedented lockdown in China. The knock-on effects to global supply chains now starting to emerge. At the same time, the number of disruptions to economic activity continue to rise. Moody, credit ratings agency, cut its 2020 outlook for global auto sales. Moody expects global auto sales to fall 2.5% in 2020, more than its previous estimate of about 0.9% drop. They also retained a "negative" outlook on the sector and said it expects global sales to rebound only modestly in 2021 with growth of 1.5%. As far as global GDP growth in 2020 is concerned, IHS Markit[5] has revised its forecast down to 0.7% and stated that Americans shall expect a recession in the second quarter.

All in all, year 2020 will be a challenging year – a year which we have to exert considerable extra effort to avoid having operating losses.

PROPERTY DEVELOPMENT

Property Re-development Plan in Longhua

Reference is made to the Company's announcements issued (i) on 22 August 2011 with respect to the agreement ("Agreement") entered into by a wholly-owned subsidiary of the Company with an independent third party ("Counter Party") in relation to a re-development plan ("Re-development") of two parcels of industrial land located in Bao An District, Shenzhen, the PRC, of the Group ("Longhua Land") from industrial land into residential properties for resale; (ii) on 25 October 2013 with respect to the supplemental agreement signed, (iii) on 16 October 2014 with respect to the preliminary approval granted, (iv) on 26 October 2015 with respect to the second supplemental agreement signed, (v) on 30 November 2015 with respect to the final approval obtained for the construction plan, (vi) on 4 January 2017 with respect to the supplemental agreements ("Supplemental Agreements") which outlined the way to receive the expected consideration and (vii) on 28 June 2019 with respect to the revised supplemental agreements ("Revised Supplemental Agreements") and on 9 September 2019 with respect to the Second Revised Supplemental Agreement A which outlined further changes in respect of the way to receive the expected consideration.

Progress made on the Re-development Plan in chronological order is updated below:

(1) The project company was established by the Counter Party in August 2011 ("Project Company").

[5] IHS Markit is the leading source of information and insight in critical areas that shape today's business landscape.

(2) The Group has entered into a re-development contract ("Re-development Contract") and relocation compensation agreement ("Relocation Compensation Agreement") with the Project Company in September 2011.

(3) The Project Company has applied for re-development of the Longhua Land in September 2011. In view of the fact that the application was not completed within the agreed timeframe due to force majeure for the reason of the policy changes more particularly described in the Company's announcement dated 25 October 2013, the Group has entered into a supplemental agreement with the Counter Party on 25 October 2013 to extend the completion of tasks associated with the Agreement for another 12 months.

(4) On 16 October 2014, a notice was published by Urban Planning Land and Resources Commission of Shenzhen Municipality to confirm the re-development of the Longhua Land having been listed under "2014 Lot 4 Town re-development formulated plan of Shenzhen – Draft Plan".

(5) In view of the launch of the new requirements over calculation of land premium and that the fact that construction time is expected to take longer than it was originally contemplated in 2011, the Group and the Counter Party entered into second supplemental agreement on 26 October 2015 to extend the deadlines for various outstanding tasks.

(6) In order to speed up the rest of the approval procedure and on the basis that all terms of the Agreement remain unchanged, the Counter Party has requested the Group to rent a factory and then vacate earlier from the Lung Hua Land. In exchange for such request, the Counter Party will compensate the Group on dollar-to-dollar basis for cost incurred for such relocation (including but not limited to rent and management fees for the new factory). The relocation was completed in 2015. The Group has passed the risk and management of the bare land to the Counter Party in late August 2015. As at 31 December 2015, the Group received in full the agreed relocation compensation of RMB50 million (approximately HK$59,960,000) and has recorded it as other income in year 2015.

(7) On 27 November 2015, the Project Company received an approval letter dated 25 November 2015 confirming that the Construction and Environment Review Committee had approved the planning proposal submitted by the Project Company. Based on the approved planning, the Land shall be re-developed into a comprehensive development site which can build up to a maximum floor area of 196,800 square metres, out of which the Group will receive titles and benefits of 41,000 square meters upon completion.

(8) The Project Company has received an investment registration certificate dated 1 February 2016 and a letter regarding the energy saving assessment dated 10 March 2016 from Shenzhen Long Hua New District Development and Finance Bureau.

(9) The Project Company has received a letter dated 9 May 2016 regarding environmental assessment from Shenzhen Bao'an District Environmental Protection and Water Bureau.

(10) The Project Company has received a land planning permit dated 10 August 2016 from the Urban Planning Land and Resources Commission of Shenzhen Municipality confirming that the Land shall be re-developed into a comprehensive development site comprising an office building, shops, public facilities required by local government and four to six blocks of residential buildings. Maximum floor area to be built is 196,800 sq.m. under which 172,627 sq.m. are marketable residential or commercial properties and 24,173 sq.m. are public facilities and subsidised residential units built on behalf of the local government.

(11) The Group returned the Longhua Land to the local government in August 2016 by entering an agreement with the local government and the Project Company.

(12) On 4 January 2017, the Group has entered the Supplemental Agreements with the Counter Party and the Project Company. Pursuant to the terms of the Supplemental Agreements, amongst others, the Group will receive a guaranteed consideration of RMB1,230,000,000 (net of value-added taxes) and the possibility to receive additional consideration if actual average selling price exceeds RMB30,000 sq.m. (net of value-added taxes) at the time of pre-sales.

(13) In March 2017, the Project Company has signed a sales of land use rights contract dated 21 March 2017 with the local government.

(14) On 23 November 2017, the Project Company received a construction works planning permit. On 13 December 2017, the Project Company further received a construction works commencement permit. As the Project Company has obtained all required permits, the construction was started.

(15) On 25 May 2018, Project Company has obtained the land certificate.

(16) On 28 June 2019 and 9 September 2019, the Group entered into the Revised Supplemental Agreements to amend certain terms of the Supplemental Agreements which was previously approved by the shareholders of the Company on 2 March 2017. Pursuant to the Revised Supplemental Agreements, instead of receiving Guaranteed Cash Consideration and Additional Cash Consideration , the Group is offered a revised guaranteed cash consideration of RMB2.75 billion (equivalent to approximately HK$3.1 billion) payable by six tranches which will be due within on or before 6 January 2020 to on or before 5 January 2023 ("RGCC"). The details of the amendment are set out in the Company's announcement dated 28 June 2019. The transactions contemplated under the Revised Supplemental Agreements was approved by the shareholders of the Company on 24 October 2019.

(17) On 22 August 2019, Project Company has obtained the Pre-Sales Certificate. Show rooms were opened and various marketing campaigns were launched.

As at the date of this announcement, the sales process is still going on.

Events after the reporting date (Impact of coronavirus)

Sudden halt in production (or disruption in supply chain), large-scale quarantines and travel restrictions have indeed brought negative impact on our operations.

Immediate impact on electroplating equipment business

- Installation on hold : For the purpose of stopping further spread of virus, countries around the world adopt sweeping measures such as shutting down airports, imposing travel restrictions and completely sealing their borders. Our installation team cannot therefore travel to customers’ sites and certain scheduled installation is now put on hold.
- Increase in installation and after-sales service cost : In some cases, our installation and service teams are put under quarantines for 14 days before they are allowed to enter customers’ sites. The installation and after-sales service cost will inevitably increase due to extra stay.
- Delay in delivery and collection of milestone payments: Due to sudden halt in production, we experienced various degree of delay in getting required materials and / or anciliary equipment. The overall project completion time will be extended and the timing to collect milestone payments will be delayed as well.

- Investment in IT equipment : In order to reduce the number of staff working in the office and as part of social-distancing measures, we have installed certain IT equipment so that staff can work from home. We have also leased certain conference software for the ease of group discussions at multi-locations.
- Reduced service levels : Due to travel restrictions, for countries we are not allowed to go, our service teams will try to resolve service requests by remote support such as via phone or through remote-access to customers' systems. Offices in Malaysia and Philippines are closed temporarily in accordance with governments' administrative orders. Offices in Hong Kong, China, Taiwan and Singapore are operating as normal.

Given that the measures imposed by various governments keep changing, we are keeping close contact with customers to discuss postponement or any alternative arrangement. Fortunately, we are able to reach amicable solutions for various projects so far.

Longer term on electroplating equipment business

When countries around the world have tried to implement extreme measures to keep the outbreak under control, large-scale quarantines, travel restrictions and social-distancing measures will drive a sharp fall in consumer and business spending. Consumers stay home, businesses lose revenue and lay off workers, and unemployment levels rise sharply. Inevitably, it will hurt investment confidence. Our customers will probably put on hold any expansion plans they are considering at the moment. In addition, if the current outbreak is prolonged for a further few months, it is inevitable that corporate bankruptcies will soar, it will increase our project risk as well as receivable collection risk.

As the Group cannot estimate the duration of the epidemic and therefore is not able to quantify full financial impact. It is for sure that a prolonged coronavirus crisis will have material effect on 2020 financial results. We shall closely monitor the development and take any action necessary to mitigate the impact of coronavirus crisis on our daily operation and financial performance.

Impact on property sales in Longhua

Since the outbreak of coronavirus, quite a number of cities in China were closed. People are asked to stay home and companies were asked to postpone their opening day after the Chinese New Year holidays. In fact, economic activities throughout China are forced to slow down. All these measures will inevitably affect the property sales progress. It is a bit difficult to estimate the impact of the coronavirus crisis. On the one hand, situation in mainland China seems to be stabilized and the number of reported domestic cases is getting less. On the other hand, situation in overseas seems a bit out of controls and the number of imported cases may get higher. We shall continue to keep an eye on the development and assess its impact.

Progress in searching for another suitable site as our long-term production base

The Group has relocated its production base to a ready-built factory in Datianyan Industrial Zone, Songgan Street Committee, Baoan District (the "Songgan Factory") under a short term lease, which will expire in December 2019.

At the same time, the management team is searching for another suitable production site for the long term development and benefits of PAL. Our primary focus is to look for a site within Shenzhen region. Of course, given the current development in Shenzhen, it is not easy at all to find a spare land which will fit for our manufacturing purposes. Nevertheless, we will try our best and continue the land searching in Shenzhen region. Failing such, we have no choice but to look for a site near the outskirts but out of Shenzhen region. In the case where a suitable long-term production site is identified but the Group meets with any shortage of fund, the Company will consider fund raising options including but not limited to share subscription, right issue and issue of convertible bonds.

MATERIAL ACQUISITION AND DISPOSAL

Apart from the entering of Revised Supplemental Agreements as elaborated above, the Group has not entered any material transaction during the Period Under Review.

CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for disclosed in the "Continuing Connected Transactions" below, no controlling Shareholder or its subsidiaries had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the business of the Group, to which the Company or any of its subsidiaries was a party during the year.

CONTINUING CONNECTED TRANSACTION

Reference is made to the announcement of the Company dated 31 October 2016 and the circular dated 20 December 2016 in relation to the provision of revolving loan (the "Revolving Loan").

On 31 October 2016 (after trading hours), PAL Finance Limited, an indirect wholly owned subsidiary of the Company (the "Lender"), entered into a loan facility agreement with KTFG, pursuant to which the Lender has agreed to provide a revolving loan facility of HK$130,000,000 bearing interest at Prime Rate for a term from 6 January 2017 to 30 October 2019 (the "2016 Loan Facility Agreement").

On 21 October 2019, the Group entered into a loan facility agreement ("2019 Loan Facility Agreement") with KTFG, pursuant to which the Group has agreed to renew the unsecured revolving loan facility of HK$130,000,000 with the same terms as the 2016 Loan Facility Agreement for three years ending on 20 October 2022.

As the KTFG is a connected person of the Company within the meaning of the Listing Rules. Accordingly, the provision of the Revolving Loan by the Lender to the KTFG under the 2019 Loan Facility Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As certain applicable percentage ratios stipulated under Rule 14.07 of the Listing Rules in respect of the provision of the Revolving Loan exceed 25% but less than 100%, the entering into of the 2019 Loan Facility Agreement and the provision of the Revolving Loan constitute a major and continuing connected transaction of the Company under Chapter 14 and 14A of the Listing Rules and are subject to the reporting, announcement and the independent shareholders' approval requirement under the Listing Rules. An extraordinary general meeting was convened on 24 October 2019 and the 2019 Loan Facility Agreement was approved by the independent shareholders of the Company in the said meeting.

As at 31 December 2019, a loan of approximately HK$49,000,000 (2018: approximately HK$66,000,000) was drawn by KTFG in accordance with the terms of the 2019 Loan Facility Agreement (2018: 2016 Loan Facility Agreement). The average effective interest rate, which is equal to contractual interest rate, is 5% (2018: 5.125%) per annum.

Pursuant to Rule 14A.55 of the Listing Rules, both the 2016 Loan Facility Agreement and 2019 Loan Facility Agreement have been reviewed by the Independent Non-executive Directors who have confirmed that the Revolving Loan was carried out:

(a) in the ordinary and usual course of business of the Company;
(b) either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favorable to the Company than terms available to or from (as appropriate) independent third parties; and

(c) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditors (the "Independent Auditors") were engaged to report on the Group's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The Independent Auditors will issue their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules.

Pursuant to Rule 14A.56 of the Listing Rules, the Independent Auditors confirmed that both the 2016 Loan Facility Agreement and 2019 Loan Facility Agreement :

(i) had received the approvals of the Board;
(ii) had been entered into in accordance with the relevant agreements governing the 2019 Loan Facility Agreement; and
(iii) had not exceeded the caps disclosed in the previous circulars of the Company dated 20 December 2016 and 27 September 2019.

BUSINESS STRATEGIES

Asia Tele-Net and Technology Corporation Limited, as our name tells, is an investment holding company based in Asia. As an investment holding company, we hold investments in various disciplines with particular strength in electroplating technologies. Through our brand "PAL", it is our mission to apply electroplating technologies in different applications or business segments so that the Group would grow segment by segment. This strategy would also help us to smooth out any, if not all, cyclical effect in one particular segment or particular market and hence to produce a more stable turnover and profitability level for the benefits of shareholders.

As an investment holding company, the Company from time to time will identify and evaluate business opportunities come along. The "Outline of the 12th Five-Year Plan for the National Economic and Social Development of the People's Republic of China" promulgated in March 2011 emphasizes the Central Government's support for Hong Kong's development into an offshore renminbi business centre and an international asset management centre. Together with the launch of "One-Road-One-Belt strategy", Hong Kong could bank on playing a "super-connector" role in the "Belt and Road" region that covers two-fifths of the world's land mass and is host to some 60 per cent of the world's population. Due to this unique positioning of Hong Kong, the Company believes that there will be many opportunities ahead especially in the financial industry. In addition, the record low price in commodities including crude oil price and other natural resources may present attractive acquisition opportunities.

In the normal course of identifying business opportunities, the Company from time to time engages in discussions with other independent third parties for possible business co-operations. At present, the Board confirms that there are no negotiations or agreements relating to any intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

FINANCIAL REVIEW

Capital Structure, Liquidity and Financial Resources

As at 31 December 2019, the Group had equity attributable to owners of the Company of approximately HK$1,862,691,000 (31 December 2018: HK$1,278,693,000). The gearing ratio was nil (31 December 2018: nil). The gearing ratio is calculated by dividing the aggregate amount of bank borrowings and other interest-bearing loans over the amount of equity attributable to the equity holders of the Company.

As at 31 December 2019, the Group had approximately HK$125,160,000 of cash on hand (31 December 2018: HK$144,792,000).

As at 31 December 2019, the Group pledged deposits of HK$159,000 (31 December 2018: HK$3,315,000) to banks to secure the issuance of bank guarantee of the same amount. Total banking facilities available to the Group is HK$102,300,000 (31 December 2018: HK$102,300,000). Out of the facilities available, the Group has utilized (i) approximately HK$1,180,000 for the issuance of bank's guarantee under which customers retain right to claim refund of purchase deposits received by the Group as at 31 December 2019 (31 December 2018: HK$3,315,000) and (ii) approximately HK$5,199,000 for the issuance of import letters of credit to suppliers (31 December 2018: HK$4,624,000).

Most of the bank borrowing is charged at inter-bank offer rate plus a spread in the countries where the Company's subsidiaries are operating in.

Foreign Currency Risk

Most of the assets and liabilities in the Group were mainly denominated in US dollars, HK dollars, Euro and Renminbi.

Contingent Liabilities

As at 31 December 2019, the Company had guarantees of approximately HK$137,500,000 (31 December 2018: HK$137,500,000) to banks in respect of banking facilities granted to subsidiaries of the Company. The amount utilized by the subsidiaries was approximately HK$6,379,000 (31 December 2018: HK$7,939,000).

Pledge of Assets

As at 31 December 2019, apart from the cash of HK$159,000 (31 December 2018: HK$3,315,000) pledged to the banks for the issuance of bank guarantees as disclosed above, the Group did not pledge any other asset to any third party (31 December 2018: nil).

Capital Commitment

As at 31 December 2019, the Group did not have any significant capital commitment (31 December 2018: nil).

Employee and Remuneration Policies

As at 31 December 2019, the Group employs a total of 538 employees (31 December 2018: 645), including 37 employees hired by our associated company (31 December 2018: 39). Total staff cost including payments to directors for the Period Under Review was approximately HK$164,402,000 (the Previous Period: approximately HK$132,994,000). Employees and Directors are remunerated based on performance, experience and industry practice. Performance related bonuses are granted on discretionary basis. The Group maintains a mandatory provident fund schemes for its employees in Hong Kong and participates in the state-managed retirement benefit schemes for its employees in PRC. The Group also maintained appropriate insurances and medical cover for its employees.

The Company has adopted a share option scheme. No option was granted during the Period Under Review (the Previous Period: nil).

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK$0.02 (2018: HK$ nil) per share for the Period Under Review. Subject to the approval from the shareholders at the forthcoming Annual General Meeting, the proposed final dividend is expected to be paid on or before 7 July 2020 to shareholders whose names appear on the Register of Members of the Company on 24 June 2020.

APPRECIATION

On behalf of the Board, I would like to thank all of our customers, shareholders, business associates and bankers for their trust and support to the Group. To all of our employees, I appreciate your hard work, dedication and commitment over the year.

CORPORATE GOVERNANCE

The Company recognizes that good corporate governance is vital to the success of the Group and sustains development of the Group. The Company aims at complying with, where appropriate, all code provisions set out in Appendix 14 Corporate Governance Code (the "CG Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules").

The Company's corporate governance practices are based on the principles and the code provisions ("Code Provisions") as set out in the CG Code of the Listing Rules. The Company has, throughout the year ended 31 December 2019 and up to the date of this announcement, applied and complied with most of the Code Provisions save for certain deviations from the Code Provisions in respect of code provisions A.2.1 and A.4.2, details of which are explained below.

Code provision A.2.1

The Company does not at present have any officer with the title of Chief Executive Officer ("CEO") but instead the duties of a CEO are performed by the Managing Director ("MD"). The Company does not have a separate Chairman and MD and Mr. Lam Kwok Hing currently holds both positions. The Board believes that vesting the roles of both Chairman and MD in the same person provides the Group with strong and consistent leadership and allows for more effective planning and execution of long term business strategies. In addition, through the supervision of the Board which comprised of three independent non-executive directors, representing more than half of the Board, the interests of the shareholders are adequately and fairly represented.

Code provision A.4.2

According to Bye-laws of the Company, the Chairman or MD are not subject to retirement by rotation or taken into account on determining the number of directors to retire. This constitutes a deviation from code provision A.4.2 of the CG Code. As continuation is a key factor to the successful implementation of any long term business plans, the Board believes, together with the reasons for deviation from code provision A.2.1, that the present arrangement is most beneficial to the Company and the shareholders as a whole.

AUDIT COMMITTEE

The Audit Committee was established in 1999 and comprises three Board members, all of whom are Independent Non-executive Directors. The Audit Committee has adopted a revised term of reference which is effective 1 March 2012 and describes the authority and duties of the Committee, as quoted under code provision C.3.3 of the GC Code.

The Audit Committee is primarily responsible for the following duties:

(a) to review the financial statements and reports and consider any significant or unusual items raised by the qualified accountant or external auditor.

(b) to review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendation to the Board on the appointments, re-appointment and removal of external auditor.

(c) to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

The Audit Committee will meet at least twice each year. In 2019, the Audit Committee met twice considering the annual results of the Group for the financial year ended 31 December 2018 and the interim results of the Group for the 6 months ended 30 June 2019, assessing any changes in accounting policies and practices, major judgmental areas and compliance with applicable legal and accounting requirements and standards, discussing with the auditor of the Company on internal control and the re-appointment of the external auditor. The annual results for the financial year ended 31 December 2019 was reviewed by the Audit Committee before publication.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") is composed of three Directors, namely Messrs. Nam Kwok Lun, Kwan Wang Wai Alan and Ng Chi Kin David. The principal functions of the Remuneration Committee include determining the policy for the remuneration of executive directors, assessing performance of executive directors and approving the terms of executive directors' service contracts; making recommendations to the Board on the Company's policy and structure for all remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration and to place recommendations before the Board concerning the total remuneration and/or benefits granted to the Directors from time to time.

NOMINATON COMMITTEE

The nomination committee of the Company (the "Nomination Committee") is established on 27 March 2012 and is composed of three Directors, namely Messrs. Lam Kwok Hing, Cheung Kin Wai and Ng Chi Kin David. The principal functions of the Nomination Committee include reviewing the structure, size and composition of the Board, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy, identifying and nominating qualified individuals for appointment as additional directors or to fill Board vacancies as and when they arise.

MODEL CODE FOR SECURITIES TRANSACTION BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") set out in Appendix 10 of the Listing Rules. Upon enquiry by the Company, all directors of the Company have confirmed that they have complied with the required standard set out in the Model Code during the year ended 31 December 2019.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on

Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

1. Book Close for determining the entitlement to attend and vote at the annual general meeting

   The Register of Members of the Company will be closed from Thursday, 11 June 2020 to Tuesday, 16 June 2020, both days inclusive. In order to qualify for attending and voting at the 2020 AGM, all transfer documents should be lodged for registration with the Company's Share Registrars & Transfer Office, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 10 June 2020 (Hong Kong time), being the last share registration date.

2. Book Close for determining the qualification for the proposed final dividend

   The Register of Members of the Company will be closed from Monday, 22 June 2020 to Wednesday, 24 June 2020, both days inclusive. In order to qualify for the final dividend (if approved), all transfer documents should be lodged for registration with the Company's Share Registrars & Transfer Office, Tricor Secretaries Limited, at the above address for registration no later than 4:30 p.m. on Friday, 19 June 2020 (Hong Kong time), being the last share registration date. The payment of final dividend (if approved) will be scheduled on or before Thursday, 7 July 2020.

ANNUAL GENERAL MEETING

The forthcoming Annual General Meeting of the Company will be held on Tuesday, 16 June 2020. Further announcement(s) and/or circular will be made by the Company as and when appropriate in accordance with the Listing Rules.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (http://www.hkexnews.hk) and the Company (http://www.atnt.biz). The annual report of the Company for the year ended 31 December 2019 will be despatched to shareholders of the Company and available on the above websites in due course.

By Order of the Board
Asia Tele-Net and Technology Corporation Limited
Lam Kwok Hing *M.H., J.P.*
Chairman and Managing Director

Hong Kong, 27 March 2020

As at the date of this announcement, the executive directors of the Company are Messrs. Lam Kwok Hing M.H., J.P. and Nam Kwok Lun, and the independent non-executive directors are Messrs. Cheung Kin Wai, Kwan Wang Wai, Alan and Ng Chi Kin, David.

** For identification purpose only*