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CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED
中國航天國際控股有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 31)

ANNOUNCEMENT OF ANNUAL RESULTS 2019

The Board of Directors (the "Board") of China Aerospace International Holdings Limited (the "Company") is pleased to announce the audited results and financial statements of the Company and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2019.

SUMMARY OF RESULTS

The audited consolidated results of the Group for the year ended 31 December 2019 and the comparative figures of the same period in 2018 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2019

	NOTES	**2019** ***HK$'000***	2018 *HK$'000*
Revenue	3	**3,450,824**	3,690,804
Cost of sales		**(2,542,898)**	(2,794,220)
Gross profit		**907,926**	896,584
Other income	4	**63,736**	71,815
Impairment loss under expected credit loss model, net of reversal			
— trade receivables		**(13,183)**	(45,225)
— other receivables		**(9,633)**	—
Other gains and losses	4	**24,327**	(7,635)
Gain on deemed disposal of an associate		**—**	41,121
Selling and distribution expenses		**(52,485)**	(56,783)
Administrative expenses		**(325,583)**	(299,318)
Research and development expenses		**(93,292)**	(86,345)
Fair value changes of investment properties		**111,878**	205,401
Finance costs		**(75,038)**	(66,598)
Share of results of associates		**11,144**	16,718
Share of results of joint ventures		**(2,733)**	(4,371)
Profit before taxation	5	**547,064**	665,364
Taxation	6	**(109,206)**	(145,184)
Profit for the year		**437,858**	520,180

	NOTE	2019 HK$'000	2018 HK$'000
Profit for the year attributable to:			
Owners of the Company		**338,350**	404,115
Non-controlling interests		**99,508**	116,065
		437,858	520,180
Earnings per share	7		
Basic		**HK10.97 cents**	HK13.10 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 HK$'000	2018 HK$'000
Profit for the year	**437,858**	520,180
Other comprehensive (expense) income includes:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations		
- subsidiaries	**(160,847)**	(389,300)
- associates	**(4,278)**	(7,884)
- joint ventures	**(13,967)**	(34,236)
Reclassification adjustments for the cumulative exchange differences upon deregistration/disposal of a foreign operation	**(13,765)**	(982)
Reclassification adjustments for the cumulative exchange differences upon deemed disposal of an associate	**–**	4,444
	(192,857)	(427,958)
Total comprehensive income for the year	**245,001**	92,222
Total comprehensive income for the year attributable to:		
Owners of the Company	**191,384**	86,183
Non-controlling interests	**53,617**	6,039
	245,001	92,222

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2019

	NOTES	2019 HK$'000	2018 HK$'000
Non-current assets			
Property, plant and equipment		**1,066,677**	1,132,630
Right-of-use assets		**190,910**	—
Prepaid lease payments		—	86,808
Investment properties		**9,110,037**	9,179,973
Interests in associates		**199,546**	192,680
Interests in joint ventures		**697,923**	714,623
Deposit paid for property, plant and equipment		**6,387**	31,929
Long term assets	9	**384,675**	180,132
		11,656,155	11,518,775
Current assets			
Inventories		**361,391**	364,556
Trade and other receivables	9	**1,245,705**	1,437,610
Prepaid lease payments		—	4,138
Amount due from a related party		**16**	5,745
Financial assets at fair value through profit or loss		**5,787**	7,456
Pledged bank deposits		**41,272**	14,572
Short-term bank deposits		**123,389**	7,800
Bank balances and cash		**1,271,556**	958,628
		3,049,116	2,800,505
Current liabilities			
Trade and other payables	10	**1,248,333**	1,079,924
Contract liabilities		**38,569**	115,011
Lease liabilities		**29,330**	—
Taxation payable		**45,444**	45,576
Other loan		**7,990**	8,163
		1,369,666	1,248,674
Net current assets		**1,679,450**	1,551,831
Total assets less current liabilities		**13,335,605**	13,070,606

	2019	2018
Non-current liabilities		
Lease liabilities	**79,895**	–
Loan from a controlling shareholder	**557,414**	569,476
Loan from a related party	**879,710**	898,747
Deferred taxation	**2,437,600**	2,422,016
	3,954,619	3,890,239
	9,380,986	9,180,367

	2019	2018
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**1,154,511**	1,154,511
Reserves	**6,091,281**	5,929,746
Equity attributable to owners of the Company	**7,245,792**	7,084,257
Non-controlling interests	**2,135,194**	2,096,110
	9,380,986	9,180,367

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Hong Kong Companies Ordinance (the "Hong Kong Companies Ordinance"). The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair values.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by the HKICPA for the first time in the current year:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
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 as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial position and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 16 "Leases"

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 "Leases" ("HKAS 17"), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC) - Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

As at 1 January 2019, the Group recognised additional lease liabilities and right-of-use assets at amounts equal to the related lease liabilities adjusted by any prepaid or accrued lease payments by applying HKFRS 16.C8(b)(ii) transition. Any difference at the date of initial application is recognised in the opening retained profits and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application;

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application; and

iv. applied a single discount rate to a portfolio of leases with a similar remaining terms for similar class of underlying assets in similar economic environment. Specifically, discount rate for certain leases of properties in the People’s Republic of China other than Hong Kong (the “PRC”) and Hong Kong was determined on a portfolio basis.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average incremental borrowing rate applied is 4.68%.

	At 1 January 2019 **HK$’000**
Operating lease commitments disclosed as at 31 December 2018	175,668
Less: Practical expedient - short-term lease	(4,235)
Less: Recognition exemption - low value assets	(19)
	171,414
Lease liabilities discounted at relevant incremental borrowing rate as at 1 January 2019	135,511
Analysed as	
Current	25,317
Non-current	110,194
	135,511

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Right-of-Use Assets HK$'000
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16	135,511
Reclassified from prepaid lease payments (Note a)	90,946
Adjustments on rental deposits at 1 January 2019 (Note b)	1,879
	228,336
By class:	
Leasehold land in the PRC	90,946
Leased properties	137,390
	228,336

Notes:

(a) Upfront payments for leasehold land in the PRC were classified as prepaid lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid lease payments amounting to HK$4,138,000 and HK$86,808,000 respectively were reclassified to right of-use assets.

(b) Before the application of HKFRS 16, the Group considered refundable rental deposits paid as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use of the underlying assets and were adjusted to reflect the discounting effect at transition. Accordingly, HK$1,879,000 was adjusted to refundable rental deposits paid and right-of-use assets.

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included:

	Carrying amounts previously reported at 31 December 2018	Adjustments	Carrying amounts under HKFRS 16 at 1 January 2019
	HK$'000	HK$'000	HK$'000
Non-current Assets			
Prepaid lease payments (Note a)	86,808	(86,808)	—
Right-of-use assets	—	228,336	228,336
Current Assets			
Prepaid lease payment (Note a)	4,138	(4,138)	—
Other receivables, deposits and prepayments (Note b)	420,210	(1,879)	418,331
Current Liabilities			
Lease liabilities	—	25,317	25,317
Non-current Liabilities			
Lease liabilities	—	110,194	110,194

As a lessor

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 January 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 January 2019. However, effective 1 January 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied under trade and other payables. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets.

(c) Effective on 1 January 2019, the Group has applied HKFRS 15 "Revenue from Contracts with Customers" ("HKFRS 15") to allocate consideration in the contract to each lease and non-lease components.

The directors of the Company considered the application of HKFRS 16 as a lessor in the current year has had no material impact on the Group's financial position and performance for the current year."

3. SEGMENT INFORMATION

The Group determines its operating and reportable segments based on the internal reports reviewed by the President, the chief operating decision maker ("CODM") of the Group, that are used to make strategic decisions. There were 8 operating and reportable segments, namely Hi-Tech Manufacturing Business (including plastic products, liquid crystal display, printed circuit boards, intelligent chargers and industrial property investment), Aerospace Service (including property investment in Shenzhen Aerospace Science & Technology Plaza, Internet of Things and Cross-border e-commerce) which represent the major industries in which the Group is engaged.

Other business represents income and expenses relating to certain investment properties and other services provided. None of these segments met the quantitative thresholds for the reportable segments in both current and prior year. Accordingly, these were grouped in "Others Business".

An analysis of the Group's revenue and results by operating segments is as follows:

For the year ended 31 December 2019

	Revenue			
	External sales *HK$'000*	**Inter-segment sales** *HK$'000*	**Total** *HK$'000*	**Segment results** *HK$'000*
Hi-Tech Manufacturing Business				
Plastic products	**1,105,308**	**44,096**	**1,149,404**	**55,476**
Liquid crystal display	**680,064**	–	**680,064**	**60,285**
Printed circuit boards	**861,194**	–	**861,194**	**52,494**
Intelligent chargers	**352,480**	**1,846**	**354,326**	**10,877**
Industrial property investment	**13,173**	**20,896**	**34,069**	**26,813**
	3,012,219	**66,838**	**3,079,057**	**205,945**
Aerospace Service				
Property investment in Shenzhen Aerospace Science & Technology Plaza	**425,393**	**7,014**	**432,407**	**439,566**
Internet of Things	**358**	–	**358**	**(5,360)**
Cross-border e-commerce	**4,215**	–	**4,215**	**(28,213)**
	429,966	**7,014**	**436,980**	**405,993**
Operating segment total	**3,442,185**	**73,852**	**3,516,037**	**611,938**
Elimination	–	**(73,852)**	**(73,852)**	–
Other Business	**8,639**	–	**8,639**	**9,773**
	3,450,824	–	**3,450,824**	**621,711**
Unallocated corporate income				**47,298**
Unallocated corporate expenses				**(69,083)**
Share of results of associates				**11,144**
Share of results of joint ventures				**(2,733)**
Gain on deregistration of a subsidary				**13,765**
Finance costs				**(75,038)**
Profit before taxation				**547,064**

For the year ended 31 December 2018

	Revenue			
	External sales	Inter-segment sales	Total	Segment results
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hi-Tech Manufacturing Business				
Plastic products	1,192,091	50,189	1,242,280	44,449
Liquid crystal display	623,195	346	623,541	52,782
Printed circuit boards	862,348	—	862,348	63,474
Intelligent chargers	542,799	1,939	544,738	20,852
Industrial property investment	14,671	21,269	35,940	33,175
	3,235,104	73,743	3,308,847	214,732
Aerospace Service				
Property investment in Shenzhen Aerospace Science & Technology Plaza	419,109	6,127	425,236	515,821
Internet of Things	513	—	513	(2,015)
Cross-border e-commerce	31,972	—	31,972	(35,118)
	451,594	6,127	457,721	478,688
Operating segment total	3,686,698	79,870	3,766,568	693,420
Elimination	—	(79,870)	(79,870)	—
Other Business	4,106	—	4,106	5,135
	3,690,804	—	3,690,804	698,555
Unallocated corporate income				45,945
Unallocated corporate expenses				(74,647)
Share of results of associates				16,718
Share of results of joint ventures				(4,371)
Finance costs				(66,598)
Gain on deemed disposal of an associate				41,121
Gain on disposal of a subsidiary				8,641
Profit before taxation				665,364

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the profit earned by/loss from each segment without allocation of interest income, change in fair value of financial assets at fair value through profit or loss, share of results of associates, share of results of joint ventures, interest expenses, gain on deemed disposal of an associate, gain on disposal of a subsidiary, gain on deregistration of a subsidiary and other corporate income and corporate expenses. This is the measure reported to the President for the purpose of resource allocation and performance assessment.

Inter-segment sales are charged at cost-plus basis.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2019	2018
	HK$'000	*HK$'000*
The Group's other income comprises:		
Interest income	**13,326**	10,160
Sales of scrap materials	**9,601**	10,818
Government subsidies in respect of research expenses	**8,841**	9,951
The Group's other gains and losses mainly comprise:		
Net exchange gain (loss)	**3,100**	(9,053)
Gain on disposal of a subsidiary	—	8,641
Gain on deregistration of a subsidiary	**13,765**	—
Loss on disposal/written off of property, plant and equipment	**(6,764)**	(3,427)
Net gain (loss) from change in fair value of financial assets at fair value through profit or loss	**14,178**	(3,841)

5. PROFIT BEFORE TAXATION

	2019	2018
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	—	3,667
Auditors' remuneration	**5,177**	4,425
Cost of inventories charged to profit or loss including allowance for obsolete inventories of HK$1,300,000 (2018: reversal of allowance for obsolete inventories of HK$132,000)	**2,496,060**	2,727,432
Depreciation of property, plant and equipment	**153,840**	146,632
Depreciation of right-of-use assets	**34,600**	—
Minimum lease payments under operating leases in respect of land and buildings	—	32,029
Staff costs, including directors' remuneration	**698,813**	680,472
Gross rental income	**(352,171)**	(359,072)
Less: Direct operating expenses for investment properties that generated rental income during the year	**9,374**	8,237
	(342,797)	(350,835)

6. TAXATION

	2019 *HK$'000*	2018 *HK$'000*
The tax charge (credit) for the year comprises:		
Current tax		
Hong Kong Profits Tax	**4,369**	**8,216**
PRC Enterprise Income Tax	**37,373**	**23,255**
	41,742	**31,471**
Overprovision in prior years		
Hong Kong Profits Tax	**(40)**	**(90)**
PRC Enterprise Income Tax	**(63)**	**(69)**
	(103)	**(159)**
Deferred tax charge	**67,567**	**113,872**
	109,206	**145,184**

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (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 in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits for the qualifying group entity and at 16.5% on the estimated assessable profits above HK$2 million.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. Three subsidiaries (2018: four subsidiaries) of the Company operating in the PRC are eligible as High and New Technology Enterprise till the dates ranging from 9 November 2020 to 2 December 2022 and the income tax rate of these subsidiaries is 15%.

According to relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2008 onwards, enterprise engaging in research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year.

7. 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*
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**338,350**	404,115

	2019 Number of shares	2018 Number of shares
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**3,085,022,000**	3,085,022,000

No diluted earnings per share have been presented as there were no potential ordinary shares outstanding for both years.

8. DIVIDENDS

	2019 HK$'000	2018 HK$'000
Dividends recognised as distribution during the year:		
2018 final dividend of HK1 cent (2018: 2017 final dividend of HK3 cents) per ordinary share	**30,850**	92,551

A final dividend of HK2 cents per share in respect of the year ended 31 December 2019 (2018: HK1 cent) has been proposed by the board of directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

9. TRADE AND OTHER RECEIVABLES AND LONG-TERM ASSETS

As at 31 December 2019, the Group's total trade and other receivables comprised of trade receivables arising from contracts with customers, rental receivables and other receivables, deposits and prepayments of HK$968,723,000 (2018:HK$875,532,000), HK$547,660,000 (2018:HK$608,323,000) and HK$113,997,000 (2018:HK$133,887,000), respectively.

The Group allows an average credit period of 30 to 105 days to its trade customers. No credit period was granted to tenants of rental of premises. Receivables are unsecured and interest-free.

The following is an aged analysis of trade receivables arising from contracts with customers net of allowance for credit losses presented based on invoice date at the end of the reporting period:

	2019 HK$'000	2018 HK$'000
Within 90 days	**851,223**	802,514
Between 91 - 180 days	**113,296**	67,284
Between 181 - 365 days	**4,204**	5,734
	968,723	875,532

The Group’s rental receivables of HK$547,660,000 (2018: HK$608,323,000) included billed rental receivables of HK$27,555,000 (2018: HK$141,868,000) and unbilled rental receivables of HK$520,105,000 (2018: HK$466,455,000). The following are the aged analysis of billed rental receivables presented based on invoice date at the end of the reporting period:

	2019 HK$'000	2018 HK$'000
Within 90 days	**12,348**	68,477
Between 91 - 180 days	**15,207**	67,201
Between 181 - 365 days	–	6,190
	27,555	141,868

Included in the Group's rental receivables as at 31 December 2019 are accrued rental income of HK$384,675,000 (2018: HK$180,132,000) that are expected to be realised after twelve months after the reporting period and are presented as non-current assets under long term receivables.

10. TRADE AND OTHER PAYABLES

The following is an aged analysis of trade payables based on invoice date at the end of the reporting period:

	2019	2018
	HK$'000	*HK$'000*
Within 90 days	**427,820**	389,714
Between 91 - 180 days	**1,521**	940
Between 181 - 365 days	**35,658**	30,964
Over 1 year	**9,407**	8,843
	474,406	430,461

CHAIRMAN'S STATEMENT

OVERVIEW

In 2019, the global economic slowdown and the escalating trade frictions between China and the US made an obvious impact to the business of the Company, materially inhibiting the growth and the profitability. For the year ended 31 December 2019, the Company and its subsidiaries reported a revenue of HK$3,450,824,000 (2018: HK$3,690,804,000), representing a decrease of 6.50% as compared with that of last year. The effective control of operating costs resulted in gross profit margin increasing from 24.29% last year to 26.31%. The Company and its subsidiaries recorded a profit of HK$437,858,000, representing a decrease of 15.83% as compared with that of HK$520,180,000 in 2018, after counting the impact of change in fair value of investment properties.

Profit attributable to shareholders was HK$338,350,000, representing a decrease of 16.27% as compared with that of HK$404,115,000 in 2018; earnings per share attributable to shareholders was HK10.97 cents (2018: HK13.10 cents). Without taking into account the effects on the change in fair value of investment properties and the related deferred taxation and non-controlling interests, the profit attributable to shareholders of the Company would be HK$285,744,000 for 2019 (2018: HK$324,642,000), representing a decrease of 11.98% from last year.

Considering the development needs and funding position of the Company as a whole, the Board recommended the payment of a dividend of HK2 cents per share for the year.

BUSINESS REVIEW

In 2019, the revenue of the hi-tech manufacturing business remained stable but profitability was under pressure; Shenzhen Aerospace Science & Technology Plaza provided a stable income for the Company; and the internet of things application and cross-border e-commerce logistics business was greatly affected by policies, resulting in a significant decrease in revenue.

Hi-tech Manufacturing

In 2019, in response to the escalating trade frictions between China and the US and the downturn in mobile phones and automobiles industries etc., the Company's industrial enterprises actively adjusted the market and product structure to curb the sharp decline in economic scale and efficiency. The industrial enterprises vigorously reduced their current investment in fixed assets to ease tight cash flow and operating pressure, and strengthened the management of payables and inventories to improve the quality of economic operations. Revenue of the hi-tech manufacturing business for the year was HK$3,012,219,000 (2018: HK$3,235,104,000), representing a decrease of 6.89% as compared with last year; operating profit was HK$205,945,000 (2018: HK$214,732,000), representing a decrease of 4.09% as compared with last year.

Having affected by factors such as the relocation of production bases by major customers to other countries, continued Sino-US trade frictions, as well as increased operating costs, the plastic product business recorded a decrease in revenue as compared with that of last year. The plastic product business expanded its range of product lines from office and financial equipment to new economic industries such as new energy vehicles, smart devices and robots, striving to develop into a manufacturer of high-end plastic parts. In order to expedite the adjustment of production capacity layout, and cope with the influence of factors such as the business relocation of major customers and the Sino-US trade friction, the plastic product business, based on actual development needs, is planning to develop a new production base in Vietnam with an aim to lay a foundation for the exploration of overseas markets in future.

As major customers withdrew from the personal consumer electronics market, the revenue and profit of the intelligent charger business were materially affected. The intelligent charger business is focusing on the transformation from the market of low-power products, and is intensifying its efforts on the research and development of medium and high power products, such as electric tools and electric bicycles, which contributing to the gradual increase in the sales of medium and high power products.

The printed circuit board ("PCB") business is deeply affected by factors such as the economic cycle and the iterative upgrade of electronic products, as well as the sluggish performance of the consumer electronics products, such as mobile phones, and the automotive markets. As a result, the PCB business experienced a substantial decrease in the orders from key customers. In 2019, the PCB business intensified the development efforts on 5G, cameras and other products in the domestic market, as a result of which, the market share of optoelectronic products was expanded, and the market presence of rigid-flex PCB business was also improved through pertinence research and development of camera products and better customer services. At the same time, the PCB business also made progress in exploring the markets of integrated circuit substrate and aerospace products.

In 2019, the liquid crystal display ("LCD") business achieved a satisfactory performance. It attached great importance to market exploration, successfully cultivated new strategic partners while maintaining the relationship with existing major customers, and introduced the new electricity meter business. During the year, the LCD business completed the basic construction of the new liquid crystal module ("LCM") plant, which provided a solid foundation for the expansion of production capacity in future.

Shenzhen Aerospace Science & Technology Plaza
Shenzhen Aerospace Technology Investment Company Limited* (深圳市航天高科投資管理有限公司) ("Shenzhen Aerospace") maintained a stable revenue and profit. In 2019, Shenzhen Aerospace and its wholly owned subsidiary responsible for the property management of Shenzhen Aerospace Science & Technology Plaza recorded a total revenue of HK$425,393,000, representing an increase of 1.50% as compared with that of HK$419,109,000 in 2018, and an operating profit of HK$439,566,000, representing a decrease of 14.78% as compared with that of HK$515,821,000 in 2018. The decrease in operating profit mainly reflected a decrease in the increment of property valuation as compared with last year. After taking out the impact of change in fair value of investment properties, the operating profit would be HK$348,770,000. As at the end of 2019, the valuation of Shenzhen Aerospace Science & Technology Plaza was approximately RMB7,772,000,000 (2018: RMB7,692,000,000).

The Complex Zone of the Launching Site in Hainan
The Company published two announcements on 8 March 2017 and 23 June 2017, respectively, in respect of the decision of Hainan Aerospace Investment Management Company Limited* (海南航天投資管理有限公司) ("Hainan Aerospace"), a joint venture of the Company, to withdraw from the land development project of the Complex Zone of the Launching Site in Hainan, and the return of the balance of the project investment and related expenses of RMB1,043,808,100 to Hainan Aerospace by the Municipal Government of Wenchang City ("Wenchang Municipal Government") before 31 December 2019.

Under the strong support of China Aerospace Science and Technology Corporation ("China Aerospace") and the Company's unremitting efforts, Wenchang Municipal Government paid the balance of RMB1,043,808,100 to Hainan Aerospace on 13 December 2019.

As at 31 December 2019, the carrying amount of the Company's interest in Hainan Aerospace was HK$629,508,000 (2018: HK$646,754,000). The Company's share of loss of Hainan Aerospace for the year ended 31 December 2019 was HK$3,613,000 (2018: HK$5,229,000), representing a significant decrease of 30.90% as compared with 2018.

Internet of Things Application and Cross-border E-commerce Logistics
In 2019, the cross-border e-commerce logistics business, the major business of Aerospace Digitnexus Information Technology (Shenzhen) Limited* (航天數聯信息技術（深圳）有限公司) ("Aerospace Digitnexus"), was affected by adjustments on customs policies whereas the business of internet of things application was under transformation. These factors caused the overall business performance of Aerospace Digitnexus to be under expectation. As of 31 December 2019, the revenue of Aerospace Digitnexus was approximately HK$4,573,000, representing a significant decrease of 85.92% as compared with that of HK$32,485,000 in 2018; the operating loss was approximately HK$33,573,000 (2018: operating loss of HK$37,133,000).

PROSPECTS

Looking ahead to 2020, multiple challenges still stand in front of global economic growth. Although China and the United States have reached the first-stage trade agreement, the subsequent Sino-US trade negotiations will continue to bring unpredictable risks to global economic growth. Certain geopolitical events will constitute a large number of uncertainties, and may result in the further slowdown of the global economic growth. In addition, the uncertainties plaguing the global economic growth in 2020 also include factors such as the political disputes between the two parties in the United States, election of US president, and the continuous increase in the debt burden worldwide.

The outbreak of the novel coronavirus severely disrupted the economic activities in China, operations of factories and suppliers had suspended completely or substantially after Chinese New Year. The impact of the Company's operations, as well as the production operations and supply chains in China has gradually revealed. With the gradual loosening of the control measures for business operations, people flow and traffic by the Chinese government, the Company has actively strived to resume the production and operation by taking on the premise of ensuring the health and safety of employees. The Company's operations are expected to substantially recover to normal levels by the end of the first quarter.

The rapid spread of the novel coronavirus worldwide was totally unexpected, and the risks that it brought by will be highly unpredictable. The industrial enterprises of the Company, which are mainly export orientated and have production bases located in the mainland, will inevitably suffer a major economic shock. The Company will closely monitor the development of the novel coronavirus, reasonably assess the impact on each subsidiary enterprise, take decisive measures on risk management and control in a timely manner, and actively carry out various works on the premise of maintaining prudent operation and strict risk control.

In 2020, each industrial enterprise will enhance its marketing efforts, continue to consolidate its existing premium customer base, increase investment in automation transformation, and strengthen research and development to enhance competitiveness comprehensively. The plastic product business will focus on the development of its high-end plastic part business, continue to fully consolidate the high-quality customer base in the traditional market, expedite the exploration of new smart device markets, and cultivate the presence in the emerging new energy vehicle market so as to achieve overall business growth. At the same time, the plastic product business will fully promote the construction of a factory in Vietnam, and strive to make progress soon. The intelligent charger business will focus on promoting the businesses of nickel-metal hydride power sources for personal consumer products and lead-acid battery power sources in medical equipment, vigorously expand the application of lithium-ion power sources in electric bicycles, electric tools and robots, and actively develop the business of lithium-battery-based inverter power as a potential new growth driver.

The PCB business will strive for breakthroughs in the research and development of aerospace products and substrate products while advancing the development of various products. It will also increase the efforts on the development of domestic market to achieve mass production and scale up gradually. The LCD business will commence the mass production of electricity meter products, and establish a business foundation in Japan. The LCD business will continuously develop new products to meet customers' needs, and will complete the installation of production equipment in the new LCM plant and launch mass production.

The Company will prudently review the development strategy of the internet of things application and cross-border e-commerce logistics business, and take timely measures to improve or adjust business operations so as to control investment risks.

The Company has strengthened the scientific planning for the "14th Five-Year Plan", and determined its positioning to become the benchmark of international development and market-driven operation of China Aerospace, with the core strategies being innovation-driven, integrating into aerospace business, capital operation, and talent-based enterprise. Going forward, the Company will focus on the development of advanced manufacturing, modern services and high-tech industries, fully utilize the resources in both international and the China markets, and comprehensively deepen reform to achieve high-quality development of the Company.

In 2020, the Company will strive to complete the objectives set out in the "13th Five-Year Plan", make scientific development planning for the "14th Five-Year Plan" period, and spare no effort to usher in a brand new era for the reform-based development of the Company!

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS PERFORMANCE

The revenue of the Company and the subsidiaries for the year ended 31 December 2019 was HK$3,450,824,000, representing a decrease of 6.50% as compared with that of HK$3,690,804,000 for 2018. The profit of this year was HK$437,858,000, representing a decrease of 15.83% as compared with that of HK$520,180,000 for 2018.

The decrease in profit was mainly due to a decrease in both the operating profit and the increment of fair value gain of investment properties of this year, as well as no gain on deemed disposal was recorded during the year.

PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

Profit attributable to the owners of the Company was HK$338,350,000, representing a decrease of 16.27% as compared with that of HK$404,115,000 for 2018.

Based on the issued share capital of 3,085,022,000 shares during the year, the basic earnings per share was HK10.97 cents, representing a decrease of 16.26% as compared with that of HK13.10 cents for 2018.

DIVIDENDS

The Board proposed the distribution of 2019 final dividend of HK2 cents per share, subject to the approval by shareholders at the Annual General Meeting to be held on 24 June 2020. If approved, warrants of which will be dispatched to all shareholders on or about 20 July 2020.

The distribution of 2018 final dividend of HK1 cent per share was approved by shareholders at the Annual General Meeting in May 2019 and warrants of which were dispatched to all shareholders on 26 June 2019.

RESULTS OF CORE BUSINESSES

The core businesses of the Company and the subsidiaries are hi-tech manufacturing, internet of things application and cross border e-commerce logistics, and the operation of Shenzhen Aerospace Science & Technology Plaza.

The revenue of the hi-tech manufacturing is the main source of the Company's revenue and that contributes a significant profit and cash flow. In recent years, the Company has gradually developed other new businesses. With the completion of Shenzhen Aerospace Science & Technology Plaza and that being turned into asset management, it brought in a constant rental revenue and relatively minimized the Company's individual business risk.

Hi-tech Manufacturing

In 2019, the global economy maintained a steady growth in the first half of the year. With uncertain factors affecting the global economy in the second half of the year such as the US-China trade dispute, fluctuations of exchange rate, increase in interest rate, the continued increase in labour costs, the demand of electronic consumer goods slow down rapidly and many foreign companies move to the South East Asian countries gradually to reduce costs, the already intense competition being faced by hi-tech manufacturing was further impacted. Except for the continued strengthening the research and development of new products and exploring high end product markets, the hi-tech manufacturing strived to develop the mainland's market so as to reduce market risks.

The revenue of the hi-tech manufacturing business for the year ended 31 December 2019 was HK$3,012,219,000, representing a decrease of 6.89% as compared with last year; the operating profit was HK$205,945,000, representing a decrease of 4.09% as compared with last year. The results of the hi-tech manufacturing business are shown below:

	Revenue (HK$'000)			Operating Profit (HK$'000)		
	2019	2018	Changes (%)	**2019**	2018	Changes (%)
Plastic Products	**1,105,308**	1,192,091	(7.28)	**55,476**	44,449	24.81
Printed Circuit Boards	**861,194**	862,348	(0.13)	**52,494**	63,474	(17.30)
Intelligent Chargers	**352,480**	542,799	(35.06)	**10,877**	20,852	(47.84)
Liquid Crystal Display	**680,064**	623,195	9.13	**60,285**	52,782	14.22
Industrial Property Investment	**13,173**	14,671	(10.21)	**26,813**	33,175	(19.18)
Total	**3,012,219**	3,235,104	(6.89)	**205,945**	214,732	(4.09)

In order to strengthen market competitiveness, expand business scale and explore overseas markets, Chee Yuen Industrial Company Limited, a subsidiary whose main business is plastic products, established a wholly-owned subsidiary in Vietnam in January 2020. It plans to set up several production lines to manufacture plastics, moldings, electroplating and electronic products and strives for fully operation by the end of 2020.

In 2020, the outbreak of the novel coronavirus happened in every corners of the world, the consumption activities almost stopped in those affected countries and cities, the sharp decrease in aggregate demand is weakening the economic activities, and the global economy for the first half of 2020 will be seriously suffered. At this difficult time, it is believed that the overall performance of the hi-tech manufacturing will be adversely affected, however it will continue to put effort in the research and development of new products and marketing, enhancing the level of automation in production, and maintaining the scale and capacity of production. In the meantime, it strives to reduce inventory and receivables, maintain stable business and sustainable development.

Shenzhen Aerospace Science & Technology Plaza

In 2019, the rental income of Shenzhen Aerospace Science & Technology Plaza under Shenzhen Aerospace Technology Investment Company Limited* (深圳市航天高科投資管理有限公司) ("Shenzhen Aerospace") brought a consistent and constant revenue to the Company. In 2019, Shenzhen Aerospace and Shenzhen Aerospace Technology Property Management Company Limited* (深圳市航天高科物業管理有限公司) ("Shenzhen Property Management"), a wholly-owned subsidiary of Shenzhen Aerospace responsible for property management, recorded a total revenue of HK$425,393,000 and an operating profit of HK$439,566,000.

As at 31 December 2019, Shenzhen Aerospace Science & Technology Plaza was valued at approximately RMB7,772,000,000 (2018: RMB7,692,000,000).

In 2020, Shenzhen Property Management will continue to do better in public hygiene and property management, paying special attention to safety management, take effective measures to improve the quality of property services, enhance the satisfaction and praise of tenants and strengthen promotion to attract visitors, so as to elevate the overall value of Shenzhen Aerospace Science & Technology Plaza.

Internet of Things Application and Cross-border E-commerce Logistics

The performance of Kaiping Customs Clearance Centre operated by Aerospace Digitnexus Information Technology (Shenzhen) Limited ("Aerospace Digitnexus") is not ideal, while other businesses are still in the development stage, customer needs are constantly changing and fail to respond in time, it does not form a unique competitive advantage yet. Hence, it recorded a revenue of HK$4,573,000 only and an operating loss of HK$33,573,000 in 2019.

In 2020, Aerospace Digitnexus should strive to improve its business model, elevate efficiency and reduce losses as soon as possible, it is expected that it will continue to suffer losses in 2020, whereas the Company will prudently consider the business sustainability of Aerospace Digitnexus with the other shareholders when appropriate.

The Complex Zone of the Launching Site in Hainan

In 2018, Hainan Aerospace Investment Management Company Limited* (海南航天投資管理有限公司) ("Hainan Aerospace"), a joint venture of the Company, entered into a Settlement Agreement to the Land Development Agreement of the Complex Zone of the Launching Site in Hainan with the Municipal Government of Wenchang, pursuant to which both parties agreed to release the Land Development Agreement of the Complex Zone of the Launching Site in Hainan, their rights and obligations under which will be terminated accordingly. The Municipal Government of Wenchang also agreed to repay the investment and related expenses of RMB1,333,808,100 to Hainan Aerospace, of which, a sum of RMB290,000,000 had been repaid to Hainan Aerospace and the remaining balance be returned by assets in equivalent value or in cash by 31 December 2019. On 13 December 2019, Hainan Aerospace received the remaining balance of the investment and related expenses of RMB1,043,808,100. Details of which please refer to the Company's announcements published on 8 March 2017, 23 June 2017 and 13 December 2019.

As of 31 December 2019, the carrying amount of the Company's interest in Hainan Aerospace was HK$629,508,000 (2018: HK$646,754,000). The Company's share of loss of Hainan Aerospace for the year ended 31 December 2019 was HK$3,613,000 (2018: HK$5,229,000), representing a decrease of 30.90% as compared with 2018.

In 2020, Hainan Aerospace should strive to complete its in-depth feasibility studies on other businesses, striving to expand new business areas, and achieve transformation as soon as possible, whereas the Company will prudently consider the business sustainability of Hainan Aerospace with the other shareholders when appropriate.

ASSETS

（**HK$'000**）	**31 December 2019**	31 December 2018	Changes (%)
Non-Current Assets	**11,656,155**	**11,518,775**	1.19
Current Assets	**3,049,116**	**2,800,505**	8.88
Total Assets	**14,705,271**	**14,319,280**	2.70

The increase in non-current assets was mainly due to the recognition of right-of-use asset by the application of newly amended Hong Kong Financial Reporting Standards 16, as well as the increase in the long term portion of accrued rental income. The equity attributable to shareholders of the Company was HK$7,245,792,000, representing an increase of 2.28% as compared with that of HK$7,084,257,000 as at 31 December 2018. Based on the issued share capital of 3,085,022,000 shares during the year, the net assets per share attributable to shareholders of the Company was HK$2.35.

As at 31 December 2019, a cash deposit of HK$41,272,000 and bills receivable of HK$136,106,000 of the Company and the subsidiaries had been pledged to banks to obtain credit facilities. Property right certificates at an approximately value of RMB1,900,000,000 of Shenzhen Aerospace Science & Technology Plaza were mortgaged by Shenzhen Aerospace to Aerospace Science & Technology Finance Company Limited* (航天科技財務有限責任公司) as a guarantee of repayment of a 13-year term loan in the amount of RMB1,300,000,000. Details of which please refer to the Company's announcement published on 30 August 2016.

LIABILITIES

（HK$'000）	31 December 2019	31 December 2018	Changes(%)
Non-Current Liabilities	**3,954,619**	3,890,239	1.65
Current Liabilities	**1,369,666**	1,248,674	9.69
Total Liabilities	**5,324,285**	5,138,913	3.61

The increase in both non-current liabilities and current liabilities were mainly due to the recognition of lease liabilities by the application of newly amended Hong Kong Financial Reporting Standards 16, as well as the increase in trade and other receivables.

As at 31 December 2019, the Company and the subsidiaries had other borrowings of HK$1,437,124,000.

OPERATING EXPENSES

The administrative expenses of the Company and the subsidiaries in 2019 were HK$325,583,000, representing a increase of 8.77% as compared with last year. The finance costs amounted to HK$75,038,000, representing an increase of 12.67% as compared with last year.

CONTINGENT LIABILITIES

As at 31 December 2019, the Company and the subsidiaries did not have any other material contingent liabilities.

FINANCIAL RATIOS

	2019	2018
Gross Profit Margin	**26.31%**	24.29%
Return on Net Assets	**4.67%**	5.67%

	31 December 2019	31 December 2018
Assets-Liabilities Ratio	**36.21%**	35.89%
Current Ratio	**2.23**	2.24
Quick Ratio	**1.96**	1.95

LIQUIDITY

The source of funds of the Company and the subsidiaries mainly relies on internal resources and banking facilities.

As at 31 December 2019, the free cash and bank balance amounted to HK$1,271,556,000, the majority of which were in Hong Kong Dollars and Renminbi.

CAPITAL EXPENDITURE AND INVESTMENT COMMITMENT

As at 31 December 2019, the capital commitments of the Company and the relevant subsidiaries contracted for but not provided in the consolidated financial statements was HK$16,284,000, mainly for the acquisition of fixed assets.

FINANCIAL RISKS

The Company and the subsidiaries review the cash flow and financial position periodically and do not presently engage into any financial instruments or derivatives to hedge the exchange and the interest rate risks.

HUMAN RESOURCES AND REMUNERATION POLICIES

The remuneration policy of the Company and the subsidiaries is based on the employee's qualifications, experience and performance on the job, with reference to the current market situation. The Company and the subsidiaries will continue to upgrade the human resources management skills and strictly implement the performance-based appraisal system, in order to motivate employees to make continuous improvement in their individual performance and contributions to the Company.

As at 31 December 2019, the Company and the subsidiaries had a total of approximately 7,250 employees based in the mainland and Hong Kong respectively.

CONTINUING CONNECTED TRANSACTION

On 10 June 2019, the Company entered into the Financial Services Agreement with Aerospace Science & Technology Finance Company Limited* (航天科技財務有限責任公司) ("Aerospace Finance"), a connected person of the Company, in respect of the provision of certain financial services to the Company's subsidiaries incorporated in the People's Republic of China (the "PRC Subsidiaries"). China Aerospace Science & Technology Corporation* (中國航天科技集團有限公司), as guarantor, issued an irrevocable and unconditional guarantee to the Company and the PRC Subsidiaries, as beneficiaries, so as to secure all payment obligations of Aerospace Finance on a joint liabilities basis.

The Extraordinary General Meeting for the purpose of approving the provision of deposit services under the Financial Services Agreement was convened on 23 July 2019, the resolution was not approved by the independent shareholders, and the financial services provided by Aerospace Finance under the Financial Services Agreement will not be implemented.

Details of which please refer to the Company's announcements published on 10 June 2019, 25 June 2019, 28 June 2019 and 23 July 2019, as well as the circular dated 28 June 2019.

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

There had been no purchase, sale or redemption of the Company's listed securities by the Company and its subsidiaries during the year.

CORPORATE GOVERNANCE

During 2019, the Company had complied with the provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the Listing Rules.

DIRECTORS' AND EXECUTIVE'S INTERESTS IN SHARES

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the required standard for the Directors of the Company to trade the securities of the Company. Having made specific enquiry to all the Directors of the Company and in accordance with information provided, all the Directors have complied with the provisions under the Model Code in 2019.

As at 31 December 2019, save for Mr Liu Xudong, Mr Mao Yijin and Mr Xu Liangwei, the Directors of the Company, are the officers of the subsidiaries of the substantial shareholder China Aerospace Science & Technology Corporation, none of the directors, chief executives or their associates have any beneficial or non-beneficial interests or short positions in the share capital, warrants and options of the Company or its subsidiaries or any of its associated corporations which is required to be recorded in the Register of Directors' Interests pursuant to Part XV of the Securities & Futures Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

AUDIT COMMITTEE

In 2019, the Audit Committee of the Company comprises Mr Luo Zhenbang (Chairman) and Ms Leung Sau Fan, Sylvia, both being Independent Non-Executive Directors, and Mr Mao Yijin, being a Non-Executive Director. The major functions of the Audit Committee include serving as a focal point for communication between the Directors and external auditor, reviewing the Company's financial information as well as overseeing the Company's financial reporting system, risk management and internal control procedures.

The Audit Committee also reviewed, discussed and approved the financial statements for the year ended 31 December 2019.

REMUNERATION COMMITTEE

In 2019, the Remuneration Committee comprises Ms Leung Sau Fan, Sylvia (Chairman) and Mr Wang Xiaojun, both being Independent Non-Executive Directors, and Mr Xu Liangwei, being a Non-Executive Director. The Remuneration Committee takes the role of advisory and proposes to the Board on the emoluments of the Directors and senior management with regard to the operating results of the Company, the individual performance and the comparable market information.

NOMINATION COMMITTEE

In 2019, the Nomination Committee comprises Mr Liu Meixuan (Chairman), being the Chairman and Executive Director, Mr Xu Liangwei, being a Non-Executive Director, and Mr Luo Zhenbang, Ms Leung Sau Fan, Sylvia and Mr Wang Xiaojun, all being Independent Non-Executive Directors. Main functions of the Nomination Committee are to review the structure and size of the Board in order to implement the Company's strategy.

DIVIDEND

The Board has recommended a final dividend of HK2 cents per share for the year ended 31 December 2019 (2018: HK1 cent) payable to the shareholders whose names appear on the Register of Members of the Company on Monday, 6 July 2020.

STATEMENT OF COMPLIANCE

The financial information relating to the years ended 31 December 2018 and 2019 included in the Announcement does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Hong Kong Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2019 to the Hong Kong Registrar of Companies in due course. The Company's auditor has reported on the financial statements of the Company and the subsidiaries for both years ended 31 December 2018 and 2019. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Wednesday, 24 June 2020. Notice of which will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company and dispatched to the shareholders of the Company in such manner as required under the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

To ensure shareholders the right to attend and vote at the Annual General Meeting and to qualify for the distribution of final dividend, the Register of Members of the Company will be closed and details of which are as follows:

(1) To ensure Shareholders the right to attend and vote at the Annual General Meeting:

Latest time for lodging transfers of shares and related documents for registration	:	4:30 p.m. on Thursday, 18 June 2020
Closure of Register of Members	:	from Friday, 19 June 2020 to Wednesday, 24 June 2020 (both days inclusive)
Record Date	:	Wednesday, 24 June 2020

(2) To ensure Shareholders the right to qualify for the distribution of final dividend:

Latest time for lodging transfers of shares and related documents for registration	:	4:30 p.m. on Tuesday, 30 June 2020
Closure of Register of Members	:	from Thursday, 2 July 2020 to Monday, 6 July 2020 (both days inclusive)
Record Date	:	Monday, 6 July 2020

The Register of Members of the Company will be closed at the abovementioned periods. To ensure Shareholders the right to attend and vote at the Annual General Meeting and to qualify for the distribution of final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration on or before 4:30 p.m. on Thursday, 18 June 2020 and Tuesday, 30 June 2020 respectively. Subject to approval by the Shareholders at the Annual General Meeting, dividend warrants are expected to be despatched to the Shareholders by post on or around Monday, 20 July 2020.

APPRECIATION

Due to career change, Mr Li Hongjun resigned as the Executive Director and President of the Company on 23 December 2019. Mr Li Hongjun made significant contributions to the Company during his tenure as the Executive Director and President, and, on behalf of the Board, I hereby extend my sincere gratitude and heartfelt appreciation to him and extend a warm welcome to Mr Jin Xuesheng in taking up the position of Executive Director and President.

On behalf of the Board, I express my profound gratitude to all the staff for their dedication and loyal services, especially those who stuck to their posts with unremitting efforts during the difficult time of the spread of the novel coronavirus. Grateful thanks are also due to shareholders, bankers, business partners and members of the community who have supported the Company's development all along.

By order of the Board,
Liu Meixuan
Chairman & Executive Director

Hong Kong, 31 March 2020

At the date of this announcement, the Board of Directors of the Company comprises:

Executive Directors	***Non-Executive Directors***	***Independent Non-Executive Directors***
Mr Liu Meixuan *(Chairman)*	Mr Liu Xudong	Mr Luo Zhenbang
Mr Jin Xuesheng *(President)*	Mr Mao Yijin	Ms Leung Sau Fan, Sylvia
	Mr Xu Liangwei	Mr Wang Xiaojun

* *These PRC entities do not have English names, the English names set out herein are for identification purpose only.*