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AKM Industrial Company Limited

安捷利實業有限公司

(incorporated in Hong Kong with limited liability under the Companies Ordinance)

(Stock Code: 1639)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

HIGHLIGHTS

- For the year ended 31 December 2020, the turnover of the Company and its subsidiaries (collectively, the “Group”) amounted to approximately HK\$1,676,423,000, representing an increase of approximately 14.54% as compared to the turnover of last year, and the profit attributable to the owners of the Company for the year amounted to approximately HK\$119,351,000, while the profit attributable to the owners of the Company of last year was approximately HK\$117,711,000.
- Earnings per share of the Group was approximately HK7.79 cents for the year ended 31 December 2020.
- The board of Directors recommend the payment of final dividend of HK1.45 cent per share for the year ended 31 December 2020 (2019: HK1 cent per share).

THE FINANCIAL STATEMENTS

Results

The board (the “Board”) of directors (the “Directors”) of the Company hereby announces the audited consolidated results of the Group for the year ended 31 December 2020 (the “year”), together with the comparative audited figures for the year 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 HK\$'000	2019 HK\$'000
Revenue	4	1,676,423	1,463,630
Cost of sales		<u>(1,429,284)</u>	<u>(1,254,943)</u>
Gross profit		247,139	208,687
Other income	5	48,909	41,171
Distribution costs		(27,795)	(20,952)
Administrative expenses		(45,697)	(40,017)
Research and development expenses		(83,153)	(57,352)
Share of results of associates		2,645	1,202
Finance costs	6	<u>(10,234)</u>	<u>(2,091)</u>
Profit before taxation	7	131,814	130,648
Taxation	8	<u>(12,404)</u>	<u>(12,937)</u>
Profit for the year		<u>119,410</u>	<u>117,711</u>
Other comprehensive income (expense):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements of foreign operations		85,759	(26,238)
Share of exchange differences of associates		<u>2,495</u>	<u>(106)</u>
		88,254	(26,344)
Item that will not be reclassified subsequently to profit or loss:			
Fair value gains on equity instruments designated at fair value through other comprehensive income		<u>21,912</u>	<u>8,253</u>
Total other comprehensive income (expense)		<u>110,166</u>	<u>(18,091)</u>
Total comprehensive income for the year		<u>229,576</u>	<u>99,620</u>
Profit for the year attributable to:			
– Owners of the Company		119,351	117,711
– Non-controlling interests		<u>59</u>	<u>–</u>
		<u>119,410</u>	<u>117,711</u>
Total comprehensive income for the year attributable to:			
– Owners of the Company		229,141	99,620
– Non-controlling interests		<u>435</u>	<u>–</u>
		<u>229,576</u>	<u>99,620</u>
Earnings per share	10		
– Basic and diluted (<i>HK cents</i>)		<u>HK7.79 cents</u>	<u>HK7.66 cents</u>

CONSOLIDATE STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 HK\$'000	2019 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		898,327	798,687
Right-of-use assets		51,286	49,064
Interests in associates		41,555	36,415
Equity instruments designated at fair value through other comprehensive income		371,435	25,808
Deposits for property, plant and equipment		26,855	12,952
		<u>1,389,458</u>	<u>922,926</u>
Current assets			
Inventories		206,880	124,848
Trade and other receivables	<i>11</i>	722,335	679,221
Amounts due from associates		4,309	–
Pledged bank deposits		2,368	2,364
Bank balances and cash		129,853	119,707
		<u>1,065,745</u>	<u>926,140</u>
Current liabilities			
Trade and other payables	<i>12</i>	682,033	467,545
Amounts due to associates		–	4,617
Deferred income		15,355	3,968
Tax payables		15,490	13,118
Bank borrowings		144,236	39,358
Lease liabilities		1,869	1,112
		<u>858,983</u>	<u>529,718</u>

		2020	2019
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net current assets		<u>206,762</u>	<u>396,422</u>
Total assets less current liabilities		<u>1,596,220</u>	<u>1,319,348</u>
Capital and reserves			
Share capital	<i>13</i>	921,553	921,553
Reserves		<u>556,745</u>	<u>345,597</u>
Equity attributable to owners of the Company		1,478,298	1,267,150
Non-controlling interests		<u>12,491</u>	<u>–</u>
Total Equity		<u>1,490,789</u>	<u>1,267,150</u>
Non-current liabilities			
Lease liabilities		3,349	3,481
Deferred income		49,295	37,262
Deferred tax liabilities		13,808	11,455
Bank borrowings		<u>38,979</u>	<u>–</u>
		<u>105,431</u>	<u>52,198</u>
		<u>1,596,220</u>	<u>1,319,348</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL

AKM Industrial Company Limited (the “Company”) is a public limited company incorporated in Hong Kong with limited liability on 9 December 1993.

The shares of the Company were listed on the GEM (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 18 August 2004. On 18 June 2014, the Company transferred the listing of its shares from GEM to the Main Board of the Stock Exchange. The registered office of the Company is situated at Rooms 2708-11, 27th Floor, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong, and the principal place of business of the Company is situated at 63 Huan Shi Road South, Information Technology Park, Nansha District, Guangzhou City, the People’s Republic of China (the “PRC”).

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

The Company is an investment holding company and is also engaged in sourcing of raw materials and equipment and trading of flexible printed circuits (“FPC”) and related products. Its subsidiaries established in the PRC (the “PRC Subsidiaries”) are principally engaged in manufacture and sales of FPC and flexible packaging substrates, sourcing and sales of electronic components and other components and products during the year.

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

In the current year, the Group has applied the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards (“HKFRSs”) and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the Group’s financial year beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

Except as described below, the application of the Amendments to References to the Conceptual Framework in HKFRSs and the amendments to the above HKFRSs in the current year had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 1 and HKAS 8, Definition of Material

The amendments provide a new definition of material that states “information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.” The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole. The application of the amendments in the current year had no impact on the consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective

HKFRS 17	Insurance Contracts and related Amendments ⁵
Amendments to HKFRS 3	Reference to Conceptual Framework ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁵
Amendments to HKAS 16	Property, plant and Equipment: Proceeds before Intended Use ³
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ³
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ¹
Amendment to HKFRS 16	COVID-19-Related Rent Concessions ⁴
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018 – 2020 cycle ³

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for annual periods beginning on or after a date to be determined.

³ Effective for annual periods beginning on or after 1 January 2022.

⁴ Effective for annual periods beginning on or after 1 June 2020.

⁵ Effective for annual periods beginning on or after 1 January 2023.

The Directors anticipate that the application of all the above new and amendments to HKFRSs will have no material impact on the results and financial position of the Group in the foreseeable future.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. 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 financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies of the Company.

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

4. REVENUE AND SEGMENT INFORMATION

The Group is engaged in the businesses of manufacture and sale of electronic products and sourcing and sale of electronic components. All revenue generated by the Group is recognised at a point in time when control of the goods has transferred to the customers, being when the goods are shipped to the specific location (delivery).

Sales-related warranties associated with products cannot be purchased separately, the Group accounts for warranties in accordance with HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets” unless the warranty provides the customer with a service in addition to the assurance that the product complies with agreed-upon specifications.

Revenue is recognised from the Group’s contracts with customers with fixed price and short-term duration. Revenue is recognised at a point in time.

Segment information

This segment information reported to the executive directors of the Company, being the chief operating decision makers (“CODM”), for the purpose of resource allocation and assessment of segment performance focuses on type of goods delivered and services provided.

For management purposes, during the year ended 31 December 2020 and 31 December 2019, the Group had two business segments namely (i) the circuit boards and components business – the manufacture and sales of FPC and flexible packaging substrates; and (ii) other.

Principal activities are as follows:

- | | | |
|--|---|---|
| Circuit boards and components business | – | The manufacture and sales of FPC and flexible packaging substrates (including components) |
| Other | – | The sourcing and sales of electronic components |

Segment revenue and results

The following is an analysis of the Group’s revenue and results by operating and reportable segments.

	Segment revenue – external sales		Segment results	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Circuit boards and components business	1,651,223	1,448,487	180,314	158,238
Other	25,200	15,143	3,116	2,743
Total	<u>1,676,423</u>	<u>1,463,630</u>	183,430	160,981
Interest income			1,563	2,834
Central administration costs			(45,590)	(32,278)
Finance costs			(10,234)	(2,091)
Share of results of associates			2,645	1,202
Profit before taxation			<u>131,814</u>	<u>130,648</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs, interest income, finance costs and share of results of associates. This is the measure reported to the executive directors, the Group's CODM, for the purposes of resource allocation and performance assessment.

No analysis of the Group's assets and liabilities by operating and reportable segments is disclosed as they are not reviewed by the CODM nor otherwise regularly provided to the CODM for review.

The Group did not have any significant inter-segment sales during the year ended 31 December 2020 and 31 December 2019.

Geographical information

The Group operates in two principal geographical areas – the PRC (excluding Hong Kong) and Hong Kong (country of domicile). The following table provides an analysis of the Group's revenue from external customers by the geographical location of the customers:

	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
PRC other than Hong Kong	1,134,011	1,185,204
Hong Kong	283,690	184,794
Other	258,722	93,632
	<u>1,676,423</u>	<u>1,463,630</u>

5. OTHER INCOME

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Release of government grants for construction of factory on existing lands	752	1,796
Government grants for research and development projects	26,051	23,316
Government subsidies (<i>note (a) below</i>)	7,167	4,936
Other government grants (<i>note (b) below</i>)	54	–
Interest income	1,563	2,834
Rental income	596	339
Scrap income	11,563	6,616
Net exchange gains	–	257
Others	1,163	1,077
	<u>48,909</u>	<u>41,171</u>

Notes:

- (a) The amount of approximately HK\$7,167,000 (2019: HK\$4,936,000) represents subsidies from various government authorities in supporting the high-end technology research and development activities for the year ended 31 December 2020.
- (b) During the year, the Group recognised government grants of HK\$54,000 in respect of Covid-19-related subsidies and relates to Employment Support Scheme provided by the Hong Kong government.

6. FINANCE COSTS

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Interests on:		
– Bank borrowings	9,702	1,827
– Lease liabilities	532	264
	<u>10,234</u>	<u>2,091</u>

7. PROFIT BEFORE TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging		
Research and development expenses		
Staff costs	31,704	9,524
Other research and development expenses	<u>51,449</u>	<u>47,828</u>
	<u>83,153</u>	<u>57,352</u>
Directors' and chief executive's emoluments	1,455	1,227
Other staff costs	169,038	152,155
Other staff's retirement benefits schemes contributions	<u>17,281</u>	<u>13,551</u>
Total staff costs	187,774	166,933
<i>Less: Other staff costs included in research and development expenses as shown above</i>	<u>(31,704)</u>	<u>(9,524)</u>
	<u>156,070</u>	<u>157,409</u>
Auditor's remuneration	950	850
Cost of inventories recognised as an expense (<i>Note</i>)	1,429,284	1,254,943
Depreciation of property, plant and equipment	145,922	114,234
Depreciation of right-of-use assets	3,684	3,119
Loss on disposals of property, plant and equipment	1,931	2,272
Provision for allowance for credit losses	<u>2,045</u>	<u>402</u>

Note: The amount includes allowance for inventories of HK\$8,413,000 (2019: HK\$99,000).

8. TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	1,076	–
PRC Enterprise Income Tax	<u>18,581</u>	<u>15,392</u>
	<u>19,657</u>	<u>15,392</u>
Overprovision in prior years		
PRC Enterprise Income Tax	<u>(8,783)</u>	<u>(3,964)</u>
	<u>10,874</u>	<u>11,428</u>
Deferred tax:		
Current year	<u>1,530</u>	<u>1,509</u>
	<u><u>12,404</u></u>	<u><u>12,937</u></u>

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 2019 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%.

For the years ended 31 December 2020 and 31 December 2019, Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%. For the year ended 31 December 2019, no provision for Hong Kong profits tax had been made as the group companies in Hong Kong had no assessable profits.

The provision for PRC Enterprise Income Tax is based on the estimated taxable income for each PRC subsidiary and at its applicable tax rate. 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% from 1 January 2008 onwards.

AKM Electronics Industrial (Panyu) Ltd. (“AKM Panyu”) and AKM Electronic Technology (Suzhou) Ltd. (“AKM Suzhou”) were awarded the Foreign Invested Advanced-Technology Enterprise Certificate in prior years. AKM Suzhou is entitled to tax rate reduction from 25% to 15% for three years commenced from 1 January 2016, which was then renewed for a further term of three year commenced from 1 January 2019. AKM Panyu was entitled to tax rate reduction from 25% to 15% for three years commenced from 1 January 2015, which was then renewed for a further term of three years commenced from 1 January 2018.

9. DIVIDEND

During the year ended 31 December 2020, a final dividend of HK1 cent per share in respect of the year ended 31 December 2019 totaling HK\$15,382,000 (2019: in respect of the year ended 31 December 2018 totaling HK\$15,382,000) was declared and paid to the owners of the Company.

Pursuant to the board of directors' meeting on 23 March 2021, the directors recommended to declare the final dividend for the year ended 31 December 2020 of HK1.45 cent per share totaling approximately HK\$22,304,000. Such recommendation is to be approved by the shareholders at the annual general meeting.

10. EARNINGS PER SHARE

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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Earnings		
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	<u><u>119,351</u></u>	<u><u>117,711</u></u>
	Number of shares	
	2020	2019
Number of shares		
Weighted average number of ordinary shares less shares held under the restricted share incentive scheme during the year, for the purpose of basic earnings per share	<u><u>1,531,948,210</u></u>	<u><u>1,537,398,075</u></u>

There was no potential ordinary share in existence for the two years ended 31 December 2020, basic and diluted earnings per share are the same for both years.

11. TRADE AND OTHER RECEIVABLES

Trade and other receivables include the following balances:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Trade receivables	697,078	665,447
<i>Less:</i> Allowance for credit losses	<u>(2,321)</u>	<u>(520)</u>
	<u>694,757</u>	<u>664,927</u>
Other receivables	19,454	8,831
Prepayments	<u>8,124</u>	<u>5,463</u>
	<u>27,578</u>	<u>14,294</u>
	<u><u>722,335</u></u>	<u><u>679,221</u></u>

The Group allows a credit period ranging from 30 to 120 days to its trade customers. Before accepting any new customer, the management assesses the potential customer's credit quality and defines credit limits by customer.

The following is an aged analysis of trade receivables, net of allowance for credit losses presented based on the invoice dates (other than bills receivables which are presented based on the issuance date of relevant bills) at end of the reporting period, which approximated the respective revenue recognition dates:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	367,561	332,680
31 – 60 days	134,212	157,915
61 – 90 days	101,881	97,291
91 – 120 days	73,939	54,475
121 days – 1 year	<u>17,164</u>	<u>22,566</u>
	<u><u>694,757</u></u>	<u><u>664,927</u></u>

12. TRADE AND OTHER PAYABLES

The following is an aged analysis by invoice date/bills issued date of trade and bills payables at the end of the reporting period:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 30 days	248,663	218,502
31 – 60 days	117,831	70,503
61 – 90 days	72,286	40,365
91 – 120 days	34,053	6,370
121 days – 1 year	41,786	103
Over 1 year	649	1
	515,268	335,844

13. SHARE CAPITAL

	Number of ordinary shares	Share capital <i>HK\$'000</i>
Issued and fully paid: At 31 December 2019 and at 31 December 2020	1,538,237,500	921,553

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the year ended 31 December 2020, the turnover of the Group was approximately HK\$1,676,423,000, representing an increase of approximately 14.54% as compared to approximately HK\$1,463,630,000 of last year. The increase in turnover was mainly due to the increase in orders from major customers.

Profit attributable to owners of the Company for the year ended 31 December 2020 was approximately HK\$119,351,000, representing an increase of approximately 1.39% as compared to approximately HK\$117,711,000 of last year. Despite there was a notable increase in revenue of approximately 14.54% during the year, the profit was only slightly increased mainly due to the impact of the substantial increase in research and development expenses.

The turnover for the circuit boards and components business of the Group for the year was approximately HK\$1,651,223,000 (2019: approximately HK\$1,448,487,000). During the year under review, the overall gross profit margin increased to approximately 14.74% (2019: approximately 14.26%), of which the gross profit margin of circuit boards and components business increased to approximately 14.88% (2019: approximately 14.22%).

For the year ended 31 December 2020, the other income of the Group amounted to approximately HK\$48,909,000, representing an increase of approximately 18.79% as compared to approximately HK\$41,171,000 of last year. The increase in other income was mainly attributable to the increase in government grants and subsidies and scrap income.

For the year ended 31 December 2020, the distribution costs of the Group amounted to approximately HK\$27,795,000, representing an increase of approximately 32.66% as compared to approximately HK\$20,952,000 of last year. The increase in distribution costs during the year under review was mainly attributable to (i) the increase in transportation expenses and other logistics fees due to the outbreak of the novel coronavirus pandemic, and (ii) the increase in wage expenditure for sales team due to the overall increase of sales.

For the year ended 31 December 2020, the administrative expenses of the Group were approximately HK\$45,697,000, representing an increase of approximately 14.19% as compared to approximately HK\$40,017,000 of last year. The increase in administrative expenses was mainly due to the increase in labor costs and miscellaneous expenses incurred for strengthening the preventive measures for pandemic during the year under review.

For the year ended 31 December 2020, the research and development expenses of the Group amounted to approximately HK\$83,153,000, representing an increase of approximately 44.99% as compared to approximately HK\$57,352,000 of last year. The increase in research and development expenses was mainly attributable to the increase in investments in research and development of new products, new technologies and new production techniques by the Group, such as investments in research and development of high frequency and high speed flexible printed circuit and module products, buried/blind via High Density Interconnector products as well as intelligent innovation.

For the year ended 31 December 2020, the finance cost of the Group amounted to approximately HK\$10,234,000, representing an increase of approximately 389.43% as compared to approximately HK\$2,091,000 of last year. The significant increase in finance cost was mainly due to the increase in bank loans for the part payment of capital contribution to AKMMeadville and for working capital.

BUSINESS REVIEW

The Group is principally engaged in the businesses of the manufacture and sales of FPC and flexible packaging substrates (including components), which are used in electronic products.

For the year ended 31 December 2020, the turnover of the Group amounted to approximately HK\$1,676,423,000, representing an increase of approximately 14.54% as compared to approximately HK\$1,463,630,000 for 2019. The increase in turnover was mainly due to the increase in orders from major customers. For the year ended 31 December 2020, the gross profit of the Group was approximately HK\$247,139,000, representing an increase of approximately 18.43% as compared to approximately HK\$208,687,000 for 2019. In 2020, the profit attributable to the owners of the Company amounted to approximately HK\$119,351,000, representing an increase of approximately 1.39% as compared to approximately HK\$117,711,000 in 2019. Despite there was a notable increase in revenue of approximately 14.54% during the year, the profit was only slightly increased mainly due to the impact of the substantial increase in research and development expenses.

During the year under review, the turnover of the Group's circuit boards and components business was approximately HK\$1,651,223,000, representing an increase of approximately 14.00% as compared with approximately HK\$1,448,487,000 of last year. The gross profit margin increased to approximately 14.88% (corresponding period in 2019: approximately 14.22%). During the year under review, the turnover of the "other" business of the Group amounted to approximately HK\$25,200,000, which was mainly derived from the business of sourcing and sales of electronic components, and accounted for approximately 1.50% of the total sales volume of the Group.

During the year under review, despite being influenced by the global spread of the novel coronavirus pandemic, decline of global economy and significant fluctuation of the electronic industry, the Group continued to adhere to the strategy of “developing major customers” and strengthened customer development and customer services, and managed to maintain an upward trend in turnover. During the year under review, supply of FPC and flexible packaging substrates for the manufacture of smartphones and its modules, consumer electronics, new energy car cells and automotive electronics continued to be the main development directions of the Group. The Group also achieved major developments in the supply of the Group’s products to the customers manufacturing wearable products, optical camera modules and display modules. By proactively improving the Group’s technical capabilities and standards, the Group enhanced the production and sales volume and strengthened the cooperation between the upstream and downstream, and captured opportunities to achieve better operating results.

During the year under review, the research and development expenses of the Group amounted to approximately HK\$83,153,000, representing an increase of approximately 44.99% as compared to approximately HK\$57,352,000 of last year. The increase in research and development expenses was mainly attributable to the increase in investments in new products, research and development of new technologies, new products and new production techniques by the Group. During the year under review, the Group invested substantial research and development resources in high frequency and high speed flexible printed circuit and module products, and buried/blind via High Density Interconnector products. The Group will continue to increase investment in research and development in order to continuously uplift technology standard and technical capability and conducting research and development in new materials, new products and new production techniques.

As disclosed in the Company’s circular dated 20 December 2017, the Group intended to establish an intelligent manufacturing factory with ancillary facilities in the existing factory of the Group in Nansha, Guangdong, PRC for assembling new application modules of FPC. During the year under review, production had commenced in the relevant facilities.

During the year under review, in order to seize the development opportunity in the field of new energy cars, AKM Panyu (a wholly-owned subsidiary of the Company) jointly established 廣州安博新能源科技有限公司 (transliteration “Guangzhou Anbo New Energy Technology Co. Ltd.”) with a cooperation partner. The joint venture, which is owned as to 55% by AKM Panyu, specializes in the development of new energy car electronics module products that is expected to facilitate market exploration and industrial upgrade in the industrial electronics field by the Group.

On 13 January 2020, the Company (for itself and on behalf of its subsidiaries) and GoerTek Inc. (“GoerTek”, for itself and on behalf of its subsidiaries) entered into a renewed purchase agreement (the “Renewed Purchase Agreement”) in relation to the transactions for selling of parts, components and other products (including but not limited to FPC products) for a term commenced from 1 January 2020 and expired on 31 December 2022. Such transactions constituted non-exempt continuing connected transactions of the Company under the Listing Rules. The Renewed Purchase Agreement and the transactions contemplated thereunder, as well as the annual caps for each of the three years ended 31 December 2022 were approved by the independent shareholders at the extraordinary general meeting of the Company held on 20 February 2020. Details of the terms of the Renewed Purchase Agreement, the continuing connected transactions and the annual caps were disclosed in the Company’s announcement dated 13 January 2020 and the circular dated 4 February 2020. The annual cap set for the continuing connected transactions for the year ended 31 December 2020 was RMB200,000,000. During the year under review, the Group sold circuit board products of approximately RMB85,507,000 (equivalent to approximately HK\$96,173,000) to GoerTek and its subsidiaries, representing an increase of approximately 2.54% as compared to that of the year ended 31 December 2019 (2019: approximately RMB83,389,000 (equivalent to approximately HK\$94,793,000)).

On 31 December 2019, the Company (for itself and on behalf of its subsidiaries) and Suzhou Anjie Technology Co. Ltd. (蘇州安潔科技股份有限公司) (“Anjie Technology”) (for itself and on behalf of its subsidiaries) entered into a framework materials sale and purchase agreement (“Framework Agreement”) for a term commenced from 31 December 2019 and expiring on 31 December 2020, and the annual cap of the continuing connected transaction for the year 2020 was set at RMB60,000,000. Details of the terms of the Framework Agreement, the continuing connected transaction and the annual cap for the year 2020 were disclosed in the announcements of the Company dated 31 December 2019, 15 January 2020 and 31 December 2020. During the year under review, the Group sold FPC products of approximately RMB2,166,000 (equivalent to approximately HK\$2,436,000) to Anjie Technology, representing a decrease of approximately 62.4% as compared with the year ended 31 December 2019 (2019: approximately RMB5,762,000 (equivalent to approximately HK\$6,550,000)). As the term of the Framework Agreement expired on 31 December 2020, the Company (for itself and on behalf of its Subsidiaries) and Anjie Technology (for itself and on behalf of its Subsidiaries) entered into the Renewed Framework Agreement (the “Renewed Framework Agreement”) on 31 December 2020 to renew the Framework Agreement for a term commenced from 1 January 2021 and expiring on 31 December 2021. Details of the terms of the Renewed Framework Agreement, the continuing connected transaction and the annual cap for the year 2021 were disclosed in the announcements of the Company dated 31 December 2020.

On 13 December 2018, the Group proposed to adopt the restricted stock incentive scheme (the “Scheme”) to further improve corporate governance of the Group, retain and motivate the Scheme participants to make contributions to the long-term growth and profits of the Group with a view to achieving the objectives of increasing the value of the Group and to promote a greater alignment of interests between the scheme participants and the shareholders. Pursuant to the Scheme, the Board shall select the scheme participants and determine the number of restricted stock to be granted. The Company has appointed a trustee to purchase the shares from the secondary market. At the extraordinary general meeting held on 31 January 2019, the Scheme was duly approved by the independent shareholders. On 14 February 2019 and 27 March 2019, the Board approved the initial grant of restricted stock under the Scheme, pursuant to which 27,500,000 shares of restricted stock were granted to 81 selected scheme participants on 14 February 2019 at the grant price of HK\$0.65 per share and 2,490,000 shares of restricted stock were granted to Mr. Xiong Zheng Feng (executive director) and Mr. Chai Zhi Qiang (chief executive officer) on 27 March 2019 at the grant price of HK\$0.77 per share. Details of the Scheme and the initial grant of restricted stock were disclosed in the Company’s announcements dated 13 December 2018, 31 January 2019, 14 February 2019, 15 February 2019 and 27 March 2019 and the circular dated 16 January 2019. As of 31 December 2020, the trustee had purchased 7,300,000 shares in aggregate from the secondary market. As of 31 December 2020, none of the restricted stock granted had been unlocked.

On 27 December 2019, AKM Panyu, a wholly-owned subsidiary of the Company, entered into a joint venture agreement with Meizhi Investment (Xiamen) Co., Ltd. (美智投資(廈門)有限公司) (“Meizhi Investment”), Xiamen Semiconductor Investment Group Co., Ltd. (廈門半導體投資集團有限公司) (“Xiamen Semiconductor”) and Anmei Ventures (Xiamen) Equity Investment Partnership (Limited Partnership) (安美創業(廈門)股權投資合夥企業(有限合夥)) (“Anmei Ventures”) for the formation of the joint venture company AKMMeadville Electronics (Xiamen) Co., Ltd. (安捷利美維電子(廈門)有限責任公司) (“AKMMeadville”). Under the joint venture agreement, the joint venture company shall be owned as to 6% by AKM Panyu, 53% by Meizhi Investment, 40% by Xiamen Semiconductor and 1% by Anmei Ventures. The registered capital of AKMMeadville is RMB4,500,000,000. AKM Panyu contributed a total amount of RMB270,000,000 (representing 6% of the total contribution) in the form of cash. On 20 January 2020, AKMMeadville (as purchaser) entered into an equity interests purchase agreement with TTM Technologies China Limited (as seller) and the seller’s ultimate controlling shareholder TTM Technologies Inc., pursuant to which the purchaser conditionally agreed to acquire all of the equity interests of Guangzhou Meadville Electronics Co., Ltd. (廣州美維電子有限公司), Shanghai Meadville Electronics Co., Ltd. (上海美維電子有限公司), Shanghai Meadville Science & Technology Co., Ltd. (上海美維科技有限公司) and Shanghai Kaiser Electronics Co., Ltd. (上海凱思爾電子有限公司) for a total consideration of US\$550,000,000, and completion took place on 18 April 2020. Details of the relevant matters were disclosed in the announcements of the Company dated 27 December 2019 and 23 January 2020.

OUTLOOK

The Group has become an authorised supplier for a number of world-renowned high-technology companies. To meet the requirements of the global supply chain system of such customers, the Group has established two production bases (Southern China Guangzhou Factory and Eastern China Suzhou Factory) and a new overseas factory in India. The factory in India merely conducts post-assembly operations including surface mounting and component assembling for customers and has commenced operation. The Group is also planning to invest in another new overseas factory in Vietnam to serve international customers with production bases in Vietnam. The Group has also established sales centre, research and development centre, supply chain management etc. which are independent from the manufacturing system to cater for the comprehensive needs of the Group's customers. Under the guidance of the strategy of "developing major customers" and with the gradual uplift of the Group's technology, production, quality management, supply chain management and information technology capabilities, the Group's capability to satisfy the "one-stop demand" of such customers has also been largely improved. The Group aims at developing into an important international supplier of circuit boards and components and becoming the industry leader in the PRC.

Due to the global spread of the novel coronavirus pandemic may result in a prolonged pandemic, the increasing pressure from economic downturn and the significant fluctuation in the electronic industry, the Group remains cautious about the future and will pay close attention to the changes in the economy, industry and major customers to evaluate its risk exposures and the impacts on orders and supply chain. Meanwhile, the Group will enhance its internal capacity, so that, (i) by adhering to the strategy of "developing major customers" to strengthen efforts in exploring and serving major customers in key markets and emerging sectors; (ii) by strengthening technology research and development and improving intelligent manufacturing capabilities, to improve the technical standard of products and the capability for mass production of high-end products; (iii) by paying close attention to the safety of supply chain and strengthening the integration of upstream and downstream resources; and (iv) by strengthening the localization service capabilities for overseas market and improving the risk resistance capabilities, the Group will strive to turn risks into opportunities and continuously improve its operating results.

The management of the Group is of the opinion that, following the popularity in application of electronic products e.g. the rapid development in electronic products for new energy cars and wearable products, the electronic industry will manage to maintain a growth. Upon overcoming the adverse effects of the novel coronavirus, the circuit boards and components business is expected to maintain its continuous growth in the foreseeable future. The Group will continue to invest in circuit board business and adhere to the strategy of “developing major customers”, continuously uplift the technology capabilities of products, pay full attention to the market opportunities in new application fields, and strengthen the strategic cooperation with relevant shareholders and AKMMeadville Electronics (Xiamen) Co., Ltd (安捷利美維電子(廈門)有限責任公司). By following development strategies such as strengthening integration of upstream and downstream resources, and enlarging economic scale to promote operational efficiency, the Group will be able to strengthen its core capabilities, overcome various difficulties and keep on improving its operating results, so as to present satisfactory results and bring favourable returns to its shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

The Group financed its operations primarily with internally generated funds from operating activities and existing bank facilities. It is anticipated that the Group has sufficient working capital to meet its present funding requirements. As at 31 December 2020, the outstanding loan balance of the Group was approximately HK\$183,215,000 (31 December 2019: HK\$39,358,000), mainly due to the increase in bank loans for the capital contribution to establish AKMMeadville and for the substantial increase in capital expenditure of investing activities such as the purchase of property, plant and equipment, which was mainly the investments in civil engineering of the new intelligent factory of Nansha Factory in Guangdong and the investments in expanding the production volume and product capacity of the Group’s current flexible printed circuit products and flexible packaging substrates.

EMPLOYEE

As at 31 December 2020, the Group had a total of 1,499 full-time employees based in Hong Kong and China (2019: 1,315 employees). For the year ended 31 December 2020, the total labor costs (including Director's remuneration) for the Group amounted to approximately HK\$187,774,000 (2019: approximately HK\$166,933,000). The Group determines and reviews the remunerations of its Directors and employees based on their respective qualifications, experiences, performances and the market rates, so as to maintain the remuneration of the Directors and employees at a competitive level. The Group participates in various defined contribution retirement plans and insurance schemes in compliance with the statutory obligations under the laws and regulations of China and Hong Kong. The Directors believe that being one of the most important assets of the Group, employees are important contributors to the success of the Group. The Group appreciates the importance of staff training, therefore, regular trainings are provided to the employees to enhance their technical and product knowledge. The majority of the Group's employees are stationed in China.

MATERIAL INVESTMENT

Save as disclosed in this announcement, the Group did not have any material investments during the year ended 31 December 2020.

USE OF PROCEEDS FROM THE SUBSCRIPTIONS

On 29 November 2017, the Company entered into a subscription agreement with Alpha Luck, a controlling shareholder of the Company, and a subscription agreement with Anjie Technology respectively, pursuant to which Alpha Luck and Anjie Technology respectively subscribed for 103,900,000 shares and 200,000,000 shares at the Subscription Price of HK\$1.5 per share (collectively the "Subscriptions"). The Subscriptions were completed simultaneously on 30 January 2018. The net proceeds amounted to approximately HK\$454,886,000 ("Net Proceeds of Subscriptions"). As of 31 December 2020, the Net Proceeds of Subscriptions had been fully utilized, among which: (i) approximately HK\$156,000,000 was used for the civil engineering construction of the new intelligent factory; (ii) approximately HK\$112,669,000 was used for expanding the production capacities and enhancing production capabilities of the Group's existing production plant of FPC products (all of which was used for acquiring new machineries); (iii) approximately HK\$137,331,000 was used for the enhancement of production capacities and capabilities of the Group's flexible packaging substrates products (all of which was used for acquiring new machineries); and (iv) approximately HK\$48,886,000 was used for the general working capital of the Group (all of which was applied as supplemental working capital). The capital utilization was consistent with the intended use of the Net Proceeds of Subscriptions as disclosed in the circular of the Company dated 20 December 2017.

SUBSEQUENT EVENT

Save as disclosed in this announcement, there were no other important events affecting the Group that have occurred since 31 December 2020 and up to the date of this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this announcement, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2020.

FUTURE PLANS RELATING TO MATERIAL INVESTMENT OR PURCHASE OF CAPITAL ASSETS

Save as disclosed in this announcement, the Group did not have any future plans for material investment or purchase of capital asset as at 31 December 2020.

PLEDGE OF ASSETS OF THE GROUP

As at 31 December 2020, bank deposits of approximately HK\$2,368,000 (31 December 2019: approximately HK\$2,364,000) of the Group were pledged as collateral to secure bank facilities granted to the Group. The Group did not have trade receivables pledged as collateral to secure bank facilities (31 December 2019: Nil).

As at 31 December 2020, buildings with carrying amounts of approximately HK\$47,968,000 (31 December 2019: approximately HK\$46,488,000) were pledged to secure the general bank facilities granted to the Group.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2020.

GEARING RATIO

As at 31 December 2020, the net cash and cash equivalents of the Group amounted to approximately HK\$129,853,000. As at 31 December 2020, the gearing ratio of the Group was approximately 39.28% (31 December 2019: approximately 31.47%), which was calculated based on the Group's total liabilities of approximately HK\$964,414,000 (31 December 2019: HK\$581,916,000) and the Group's total assets of approximately HK\$2,455,203,000 (31 December 2019: HK\$1,849,066,000).

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES

The income and expenditure of the Group are mainly denominated in US dollars and RMB, while the assets and liabilities of the Group are denominated in HK dollars and RMB. The Group is therefore exposed to foreign exchange risk arising from currency exposures, primarily with respect to US dollars and RMB. The operating results and the financial position of the Group may be affected by any changes in the exchange rates, the Group has not taken any hedging measures in this regard. Furthermore, the conversion of RMB denominated balances into foreign currencies is subject to the foreign exchange control rules and regulations promulgated by the Chinese government. However, taking into account the Group's current operation and capital requirements, the Directors do not consider the Group is subject to any material foreign exchange risk.

DIVIDEND

The Directors recommend the payment of final dividend of HK1.45 cent per share for the year ended 31 December 2020 (2019: HK1 cent per share) to the shareholders whose names appear on the register of members of the Company on Friday, 4 June 2021. Subject to the approval by the shareholders at the forthcoming annual general meeting (the "AGM"), the proposed final dividend is expected to be paid on or around Friday, 18 June 2021.

The register of members of the Company will be closed from Wednesday, 2 June 2021 to Friday, 4 June 2021 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 1 June 2021.

CLOSURE OF SHARE REGISTER FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Friday, 21 May 2021 to Wednesday, 26 May 2021 (both days inclusive) for the purposes of determining shareholder's eligibility to attend and vote at the AGM and during which no transfer of shares will be effected. To be qualified to attend the AGM, which is to be held on Wednesday, 26 May 2021, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Thursday, 20 May 2021.

CORPORATE GOVERNANCE

Save for the deviation as disclosed in this announcement, the Company had complied with all the code provisions set out in the Corporate Governance Code (collectively the “Code”) contained in Appendix 14 of the Listing Rules by establishing formal and transparent procedures to protect and maximize the interests of shareholders during the year under review.

As Mr. Yang Zhaoguo resigned as an independent non-executive Director, the chairman of the remuneration committee, a member of the audit committee and a member of the nomination committee with effect from 23 September 2020 due to his other business commitments, the proportion of independent non-executive Directors of the nomination committee fell below the requirement under Code provision A.5.1. The Company has appointed Mr. Zhang Guo Qi as independent non-executive Director, the chairman of the remuneration committee, a member of the audit committee and a member of the nomination committee on 21 December 2020 and has complied with the requirement under Code provision A.5.1 with effect from 21 December 2020.

AUDIT COMMITTEE

The Company established the audit committee with written terms of reference in compliance with Rules 3.21 to 3.23 of the Listing Rules and the terms of reference was amended on 31 December 2018. The primary duties of the audit committee are to review and supervise the financial reporting process, risk management and internal control system and assess the financial and accounting policies and practices of the Company and its subsidiaries of the Group and provide advice and comments on the Company’s draft of annual reports and accounts and half-year reports. During the year under review, the audit committee comprised of three members, namely Mr. Hung Chi Yuen Andrew, Mr. Cui Zheng, Mr. Yang Zhaoguo (resigned on 23 September 2020) and Mr. Zhang Guo Qi (appointed on 21 December 2020). All of them were independent non-executive directors. The chairman of the audit committee was Mr. Hung Chi Yuen Andrew.

The Group’s audited annual results for the year ended 31 December 2020 had been reviewed by the audit committee.

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, as at 31 December 2020, none of the Directors and the chief executive of the Company and their respective associates had or was deemed to have any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules:

(a) The Company

(i) Interest in shares of the Company

Name of Director or Chief Executive	Name of the Company in which interest is held	Class and number of securities of which interested (other than under equity derivatives)	Capacity	Long/short position	Approximate percentage of total number of issued shares in the Company as at 31 December 2020
Mr. Xiong Zheng Feng	the Company	9,400,000 ordinary shares	Beneficial owner	Long	0.61
Mr. Chai Zhi Qiang	the Company	7,975,000 ordinary shares	Beneficial owner	Long	0.52

(ii) Interest in the underlying shares of the Company

Name of Director or Chief Executive	Name of the Company in which interest is held	Class and number of underlying shares in which interest is held (Note)	Capacity	Long/short position	Approximate percentage of total number of issued shares in the Company as at 31 December 2020
Mr. Xiong Zheng Feng	the Company	1,320,000 ordinary shares	Beneficial owner	Long	0.09
Mr. Chai Zhi Qiang	the Company	1,170,000 ordinary shares	Beneficial owner	Long	0.08

Note:

On 27 March 2019, 1,320,000 restricted stock and 1,170,000 restricted stock have been granted to Mr. Xiong Zheng Feng and Mr. Chai Zhi Qiang respectively at the grant price of HK\$0.77 per share in accordance with the restricted stock incentive scheme adopted by the Company on 13 December 2018. There is no change in the number of restricted stock granted to Mr. Xiong Zheng Feng and Mr. Chai Zhi Qiang since the date of grant on 27 March 2019.

(b) The associated corporation

As at 31 December 2020, to the best knowledge of the Directors, none of the Directors nor chief executive of the Company had or was deemed to have any interests or short positions in the shares or the underlying shares or debentures of any associated corporations of the Company (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year under review was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN TRANSACTION, ARRANGEMENT OR CONTRACT OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company, its holding companies, fellow subsidiaries or subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at any time during the year under review or at the end of the year under review.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2020, to the best knowledge of the Directors and chief executive of the Company, shareholders (other than Directors) who had any interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of all issued shares to vote in all circumstances at general meetings of any members of the Group are set out as below:

Name of substantial shareholder	Capacity	Class and number of securities in which interested (other than under equity derivatives) (Note 7)	Long/short position	Approximate percentage of total number of issued shares in the Company as at 31 December 2020
Alpha Luck (Note 1)	Beneficial owner	553,900,000 ordinary shares	Long	36.01

Name of substantial shareholder	Capacity	Class and number of securities in which interested (other than under equity derivatives) (Note 7)	Long/short position	Approximate percentage of total number of issued shares in the Company as at 31 December 2020
China North Industries Corporation (“CNIC”) <i>(Notes 1 and 2)</i>	Interest in controlled corporation	553,900,000 ordinary shares	Long	36.01
China North Industries Group Corporation (“CNIGC”) <i>(Note 2)</i>	Interest in controlled corporation	553,900,000 ordinary shares	Long	36.01
China South Industries Group Corporation (“CSIGC”) <i>(Note 2)</i>	Interest in controlled corporation	553,900,000 ordinary shares	Long	36.01
Goertek (HongKong) Co., Limited (“HK Goertek”) <i>(Note 3)</i>	Beneficial owner	363,650,000 ordinary shares	Long	23.64
Weifang Goertek Trading Co., Limited (“Weifang Goertek”) <i>(Note 3)</i>	Interest in controlled corporation	363,650,000 ordinary shares	Long	23.64
GoerTek <i>(Note 3)</i>	Interest in controlled corporation	363,650,000 ordinary shares	Long	23.64
Jiang Bin <i>(Note 4)</i>	Interest in controlled corporation	363,650,000 ordinary shares	Long	23.64
Hu Shuangmei <i>(Note 4)</i>	Interest of spouse	363,650,000 ordinary shares	Long	23.64
Anjie Technology (Hong Kong) Company Limited (“HK Anjie”) <i>(Note 5)</i>	Beneficial owner	200,000,000 ordinary shares	Long	13.00
Anjie Technology <i>(Note 5)</i>	Interest in controlled corporation	200,000,000 ordinary shares	Long	13.00

Name of substantial shareholder	Capacity	Class and number of securities in which interested (other than under equity derivatives) (Note 7)	Long/short position	Approximate percentage of total number of issued shares in the Company as at 31 December 2020
Wang Chunsheng (Note 6)	Interest in controlled corporation	200,000,000 ordinary shares	Long	13.00
Lu Li (Note 6)	Interest of spouse	200,000,000 ordinary shares	Long	13.00

Notes:

1. As Alpha Luck is wholly and beneficially owned by CNIC, CNIC is deemed to be interested in the same number of shares of the Company held by Alpha Luck under Part XV of the SFO.
2. As the equity interest of CNIC was owned as to 56.7% by CNIGC and as to 37.54% by CSIGC, both of CNIGC and CSIGC are deemed to be interested in the same number of shares of the Company held by CNIC under Part XV of the SFO.
3. As HK Goertek is wholly and beneficially owned by Weifang Goertek, which in turn is wholly and beneficially owned by GoerTek, both Weifang Goertek and GoerTek are deemed to be interested in the same number of shares of the Company held by HK Goertek under Part XV of the SFO.
4. As at 31 December 2020, GoerTek was owned as to 17.82% by GoerTek Group Co., Ltd., which in turn is owned as to 92.59% by Mr. Jiang Bin. Mr. Jiang Bin also owned 11.40% of the issued shares in GoerTek. Ms. Hu Shuangmei, the spouse of Mr. Jiang Bin, owned 0.66% of the issued shares in GoerTek. Each of Mr. Jiang Bin and Ms. Hu Shuangmei is deemed to be interested in the same number of shares of the Company in which GoerTek is interested under Part XV of the SFO.
5. As HK Anjie is wholly and beneficially owned by Anjie Technology, Anjie Technology is deemed to be interested in the same number of shares of the Company held by HK Anjie under Part XV of the SFO.
6. As at 31 December 2020, Mr. Wang Chunsheng owned 23.16% of the issued shares in Anjie Technology. Ms. Lu Li, the spouse of Mr. Wang Chunsheng, owned 32.17% of the issued shares in Anjie Technology. Each of Mr. Wang Chunsheng and Ms. Lu Li is deemed to be interested in the same number of shares of the Company in which Anjie Technology is interested under Part XV of the SFO.
7. None of Alpha Luck, CNIC, CNIGC, CSIGC, HK Goertek, Weifang Goertek, GoerTek, Mr. Jiang Bin, Ms. Hu Shuangmei, HK Anjie, Anjie Technology, Mr. Wang Chunsheng or Ms. Lu Li was interested in any securities of the Company under equity derivatives.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2020.

COMPETING INTERESTS

None of the Directors or their respective associates (as defined under the Listing Rules) had any interest in a business which causes or may cause significant competition with the business of the Group.

By order of the Board
AKM Industrial Company Limited
Xiong Zheng Feng
Chairman

Hong Kong, 23 March 2021

As at the date of this announcement, the executive Director of the Company is Xiong Zheng Feng; the non-executive Directors of the Company are Gao Xiaoguang, Jia Junan, Wang Chunsheng, Zhang Xiaoming and Liu Jianzhe; and the independent non-executive Directors of the Company are Hung Chi Yuen Andrew, Cui Zheng and Zhang Guo Qi.