CHTC FONG'S INTERNATIONAL COMPANY LIMITED
中國恒天立信國際有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 641)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

The Board of Directors (the "Board") of CHTC Fong's International Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2020 together with the comparative figures for last year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Note	**2020** **HK$'000**	2019 HK$'000 (Re-presented)
Continuing operations			
Revenue	*2*	**2,275,477**	2,663,229
Cost of sales		**(1,597,035)**	(1,881,935)
Gross profit		**678,442**	781,294
Interest income		**992**	4,134
Other income		**28,622**	32,960
Other gains	*9*	**134,859**	303,860
Selling and distribution costs		**(165,813)**	(204,695)
Administrative and other expenses		**(579,127)**	(619,195)
Finance costs	*3*	**(50,467)**	(55,076)
Share of results of an associate		**96**	(113)
Profit before tax		**47,604**	243,169
Income tax expense	*4*	**(28,467)**	(64,223)
Profit for the year from continuing operations		**19,137**	178,946
Discontinued operation			
Loss for the year from a discontinued operation	*5*	**(30,777)**	(20,080)
(Loss) profit for the year		**(11,640)**	158,866

	Note	2020 HK$'000	2019 HK$'000 (Re-presented)
Other comprehensive income (expense), net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation		**115,813**	(25,984)
Share of translation reserve of an associate		**1,798**	(612)
		117,611	(26,596)
Items that will not be reclassified to profit or loss:			
Remeasurement gain (loss) on defined benefit plan		**429**	(2,363)
Fair value (loss) gain on financial assets at fair value through other comprehensive income		**(23,621)**	15,910
		(23,192)	13,547
Other comprehensive income (expense) for the year		**94,419**	(13,049)
Total comprehensive income for the year		**82,779**	145,817
Profit (loss) for the year attributable to owners of the Company			
– from continuing operations		**18,915**	179,077
– from a discontinued operation		**(12,626)**	(10,241)
		6,289	168,836
(Loss) profit for the year attributable to non-controlling interests			
– from continuing operations		**222**	(131)
– from a discontinued operation		**(18,151)**	(9,839)
		(17,929)	(9,970)

	Note	2020 HK$'000	2019 HK$'000 (Re-presented)
Total comprehensive income for the year attributable to:			
Owners of the Company		**103,705**	155,787
Non-controlling interests		**(20,926)**	(9,970)
		82,779	145,817
Earnings per share			
From continuing and discontinued operations			
Basic	*6(a)*	**0.57 HK cent**	15.35 HK cents
Diluted	*6(a)*	**0.57 HK cent**	15.35 HK cents
From continuing operations			
Basic	*6(b)*	**1.72 HK cents**	16.28 HK cents
Diluted	*6(b)*	**1.72 HK cents**	16.28 HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2020

	Note	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**1,828,893**	1,720,671
Right-of-use assets		**40,561**	45,408
Prepaid lease payments		**215,192**	208,342
Goodwill		**533,515**	533,515
Intangible assets		**93,028**	219,871
Financial assets at fair value through other comprehensive income		**158,082**	170,707
Investment in an associate		**29,620**	27,726
Deposits for acquisition of property, plant and equipment		**80,462**	49,080
Deposits for acquisition of leasehold land		**55,582**	53,589
Deferred tax assets		**41,272**	39,779
		3,076,207	3,068,688
Current assets			
Inventories		**606,555**	765,848
Trade and other receivables	*8*	**455,818**	500,223
Tax recoverable		**4,767**	15,445
Cash and bank balances		**342,177**	331,820
		1,409,317	1,613,336
Assets of a disposal group classified as held for sale	*5*	**120,164**	–
		1,529,481	1,613,336
Current liabilities			
Bank overdraft, unsecured		**–**	3,592
Trade and other payables	*9*	**639,675**	641,807
Contract liabilities		**234,851**	181,395
Warranty provision		**14,732**	16,358
Lease liabilities		**12,192**	12,130
Tax liabilities		**10,602**	17,233
Bank and other borrowings		**1,705,140**	1,919,858
		2,617,192	2,792,373
Liabilities of a disposal group classified as held for sale	*5*	**36,635**	–
		2,653,827	2,792,373

	Note	2020 HK$'000	2019 HK$'000
Net current liabilities		**(1,124,346)**	(1,179,037)
Total assets less current liabilities		**1,951,861**	1,889,651
Non-current liabilities			
Deferred revenue		**70,389**	78,839
Deferred tax liabilities		**103,309**	89,541
Lease liabilities		**29,988**	33,871
		203,686	202,251
Net assets		**1,748,175**	1,687,400
Capital and reserves			
Total equity attributable to owners of the Company			
Share capital		**55,011**	55,011
Share premium and reserves		**1,719,390**	1,637,689
		1,774,401	1,692,700
Non-controlling interests		**(26,226)**	(5,300)
Total equity		**1,748,175**	1,687,400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 INITIAL APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND POSSIBLE IMPACT OF NEW AND AMENDMENTS TO HKFRSs ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2020

In the current year, the Group has applied the "*Amendments to References to the Conceptual Framework in HKFRS Standards*" and the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the annual period 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 HKFRS Standards*" and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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 had no impact on the consolidated financial statements.

The following HKFRSs in issue at 31 December 2020 have not been applied in the preparation of the Group's consolidated financial statements for the year ended since they were not yet effective for the annual period beginning on 1 January 2020:

Amendments to HKFRS 16	Covid-19-Related Rent Concessions[1]
HKFRS 17	Insurance Contracts and the related Amendments[4]
Amendments to HKFRS 3	Reference to the Conceptual Framework[3]
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 HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2[2]
Annual Improvements to HKFRSs 2018-2020 Cycle	Amendments to HKFRS 1, HKFRS 9 and HKAS 41 and Illustrative Examples accompanying HKFRS 16[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]

[1] *Effective for annual periods beginning on or after 1 June 2020*
[2] *Effective for annual periods beginning on or after 1 January 2021*
[3] *Effective for annual periods beginning on or after 1 January 2022*
[4] *Effective for annual periods beginning on or after 1 January 2023*
[5] *Effective for annual periods beginning on or after a date to be determined*

The Group is in the process of making an assessment of what the impact of these new and amendments to HKFRSs is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

2 REVENUE AND SEGMENT INFORMATION

(a) Revenue

The Group is principally engaged in the manufacture and sale of dyeing and finishing machines, trading of stainless steel supplies, manufacture and sale of stainless steel casting products and provision of environmental protection services. The Group's provision of environmental protection services was regarded as a discontinued operation.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2020	2019
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Continuing operations		
Sales of dyeing and finishing machines	**1,756,331**	1,941,214
Sales of stainless steel supplies	**191,713**	216,310
Sales of stainless steel casting products	**327,433**	505,705
	2,275,477	2,663,229
Discontinued operation		
Provision of environmental protection services	**–**	30
	2,275,477	2,663,259

Disaggregation of revenue from contracts with customers from continued operations by the timing of revenue recognition and by geographical markets is disclosed in Notes 2(b)(i) and 2(b)(ii) respectively.

(b) Segment reporting

Information reported to the Executive Directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on the performance of each group company. Specifically, the Group's reportable segments under HKFRS 8 are aggregation of operating segments based on types of goods delivered or services provided, as follows:

1. Manufacture and sale of dyeing and finishing machines

2. Trading of stainless steel supplies

3. Manufacture and sale of stainless steel casting products

An operating segment regarding provision of environmental protection services was discontinued in the current year. The segment information reported does not include any amounts for the discontinued operation, which are described in more details in Note 5.

(i) Segment revenues and results from continuing operations

The following is an analysis of the Group's revenue and results by reportable segment:

For the year ended 31 December 2020

	Manufacture and sale of dyeing and finishing machines *HK$'000*	Trading of stainless steel supplies *HK$'000*	Manufacture and sale of stainless steel casting products *HK$'000*	Total *HK$'000*
REVENUE				
Point in time	**1,756,331**	**191,713**	**327,433**	**2,275,477**
External sales	**1,756,331**	**191,713**	**327,433**	**2,275,477**
Inter-segment sales	**527**	**73,430**	**10,438**	**84,395**
Segment revenue	**1,756,858**	**265,143**	**337,871**	**2,359,872**
Elimination				**(84,395)**
Group revenue				**2,275,477**
Segment profit (loss)	**56,887**	**(6,227)**	**46,323**	**96,983**
Interest income				**992**
Finance costs				**(50,467)**
Share of results of an associate				**96**
Profit before tax from continuing operations				**47,604**

For the year ended 31 December 2019 (Re-presented)

	Manufacture and sale of dyeing and finishing machines *HK$'000*	Trading of stainless steel supplies *HK$'000*	Manufacture and sale of stainless steel casting products *HK$'000*	Total *HK$'000*
REVENUE				
Point in time	1,941,214	216,310	505,705	2,663,229
External sales	1,941,214	216,310	505,705	2,663,229
Inter-segment sales	502	163,842	19,993	184,337
Segment revenue	1,941,716	380,152	525,698	2,847,566
Elimination				(184,337)
Group revenue				2,663,229
Segment profit	204,447	6,479	83,298	294,224
Interest income				4,134
Finance costs				(55,076)
Share of results of an associate				(113)
Profit before tax				243,169

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the results of each segment excluding interest income, finance costs and share of results of an associate. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at terms agreed between relevant parties.

(ii) Geographical information

The Group's operations are located mainly in Hong Kong, the People's Republic of China (the "PRC") and Germany.

Information about the Group's revenue from external customers from continuing operations is presented based on location of customers and information about its non-current assets is presented based on the geographical location of the assets, they are detailed below:

	Revenue from external customers		**Non-current assets**	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(Re-presented)		(Re-presented)
The PRC	**1,129,302**	1,274,488	**2,331,340**	2,010,675
Hong Kong	**154,337**	155,231	**316,345**	336,451
Asia Pacific (other than the PRC and Hong Kong)	**461,624**	673,676	**370**	593
Europe	**329,596**	300,216	**193,631**	199,528
North and South America	**145,811**	209,190	**5,547**	3,577
Others	**54,807**	50,428	**–**	–
	2,275,477	2,663,229	**2,847,233**	2,550,824

Non-current assets excluded investment in an associate, deferred tax assets, financial assets at fair value through other comprehensive income and those relating to a discontinued operation. The Directors considered that the cost to develop the revenue by individual countries for "Asia Pacific", "Europe", "North and South America" and "Others" are excessive and revenue included in these areas attributed to each individual country is not material.

No revenue generated from any single customer amounted to 10% or more of the Group's revenue for the years ended 31 December 2020 and 2019.

3 FINANCE COSTS

	2020	2019
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Interest on borrowings	**65,077**	71,648
Less: Interest capitalised *(Note i)*	**(21,460)**	(23,682)
	43,617	47,966
Interest on lease liabilities	**1,340**	885
Bank charges	**5,510**	6,225
	50,467	55,076
Discontinued operation		
Interest on borrowings	**–**	3,787

Note:

(i) Finance costs on funds borrowed generally are capitalised at a rate ranging from 2.61% to 3.46% (2019: 3.45% to 4.48%) per annum.

4 INCOME TAX EXPENSE

	2020	2019
	HK$'000	*HK$'000*
		(Re-presented)
Continuing operations		
Hong Kong Profits Tax:		
Current year	**5,107**	7,978
Over-provision in prior years	**(148)**	(436)
PRC Corporate Income Tax:		
Current year	**11,530**	29,891
Under/(over)-provision in prior years	**81**	(142)
Overseas income tax:		
Current year	**245**	302
(Over)/under-provision in prior years	**(1,512)**	1,324
	15,303	38,917
Deferred tax:		
Current year	**13,164**	25,306
	28,467	64,223

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

PRC Corporate Income Tax is charged at the statutory tax rate of 25% of the assessable income as determined in accordance with the relevant PRC tax rules and regulations, except that certain subsidiaries are subject to a preferential tax rate of 15%.

Taxation arising in other jurisdictions is calculated at rates prevailing in the respective jurisdictions.

5 DISCONTINUED OPERATION AND A DISPOSAL GROUP HELD FOR SALE

Taian CSCE Environmental Engineering Technology Co., Ltd. ("Taian CSCE"), a subsidiary of the Group, has the operation rights to construct and operate animal carcass processing facilities for a period of 30 years whereas Taian China Science Environmental Engineering Co., Ltd. ("Taian CSEE"), a subsidiary of the Group, has the concession rights to operate kitchen wastes recycling treatment plant under service concession arrangements for a period of 30 years.

Having considered the adverse impact of the provision of environmental protection services on the Group's overall financial performance and other factors, the directors of the Company determined to terminate this business during the year ended 31 December 2020 and thus the operation of the provision of environmental protection services had been discontinued.

During the year ended 31 December 2020, Taian CSCE entered into an escrow operation agreement with Taisheng Environmental Services (Shandong) Co., Ltd. ("Taisheng"), an independent third party. According to the agreement, Taisheng has taken over the operation of the animal carcass processing facilities until the disposal of Taian CSCE. Before the disposal, the Group has no rights to the return on such operation which will be entitled to Taisheng pursuant to the agreement. Besides, the kitchen wastes recycling treatment plant has also been taken over by the Environmental Health Management Office of Taian City.

Given the above circumstances, the Group has lost the control over the operations of the animal carcass processing facilities and the kitchen wastes recycling treatment plant and the directors of the Company have determined to exclude the financial position, results and cash flows of Taian CSCE and Taian CSEE from the Group's consolidated financial statements as at and for the year ended 31 December 2020.

The results from the discontinued operation of the provision of environmental protection services for the years ended 31 December 2020 and 2019, which have been included in the consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2020 and 2019, were as follows:

	2020	2019
	HK$'000	*HK$'000*
Revenue	–	30
Cost of sales	–	(1,236)
Gross loss	–	(1,206)
Other income	136	730
Administrative and other expenses	(713)	(6,434)
Finance costs	–	(3,787)
Impairment loss on intangible assets	–	(14,973)
Impairment loss on assets held for sale	(30,200)	–
Loss before tax	(30,777)	(25,670)
Income tax credit	–	5,590
Loss for the year from a discontinued operation	(30,777)	(20,080)
Loss for the year from a discontinued operation attributable to:		
Owners of the Company	(12,626)	(10,241)
Non-controlling interests	(18,151)	(9,839)
	(30,777)	(20,080)

Loss for the year from the discontinued operation of the provision of environmental protection services has been arrived at after charging:

	2020	2019
	HK$'000	*HK$'000*
Impairment loss on assets held for sale	**30,200**	–
Impairment loss on intangible assets	**–**	14,973
Amortisation of intangible assets	**–**	3,710
Depreciation – owned assets	**–**	301
Staff costs – salaries, wages and other benefits	**363**	395

The net cash flows incurred by the discontinued operation of the provision of environmental protection services for the years ended 31 December 2020 and 2019 were as follows:

	2020	2019
	HK$'000	*HK$'000*
Net cash used in operating activities	**(3)**	(1,409)
Net cash used in investing activities	**(827)**	–
Net cash from financing activities	**–**	516

For the purpose presenting the discontinued operation, the consolidated statement of profit or loss and other comprehensive income and related notes have been re-presented as if the operation discontinued during the year has been discontinued at the beginning of the comparative period.

During the year ended 31 December 2020, the directors of the Company decided to discontinue the operation of the provision of environmental protection services and initiate a program to dispose of the segment. The major class of assets and liabilities of the disposal group classified as held for sale as at 31 December 2020 are as follows:

	HK$'000
Assets of a disposal group classified as held for sale	
Investment	108,732
Property, plant and equipment	4,348
Intangible assets	1,222
Trade and other receivables	5,838
Cash and bank balances	24
Total assets of a disposal group classified as held for sale	120,164
Liabilities of a disposal group classified as held for sale	
Other payables	(36,298)
Deferred tax liabilities	(337)
Total liabilities of a disposal group classified as held for sale	(36,635)

At 31 December 2020, the translation reserve of the Group includes a cumulative exchange gain recognised in other comprehensive income of HK$5,844,000 relating to the disposal group classified as held for sale.

The recoverable amount of the disposal group is measured at the lower of the carrying amount and fair value less costs to sell in accordance with HKFRS 5. The fair value less costs to sell of the investment was estimated based on a valuation report prepared by an independent professional valuer using the market approach under which the price to book ratio of comparable listed companies is used and adjusted for lack of marketability discount. Its fair value is classified within level 3 of the fair value hierarchy.

6 EARNINGS PER SHARE

(a) From continuing and discontinued operations

The calculation of the basic earnings per share from continuing and discontinued operations attributable to owners of the Company is based on the following data:

	2020	2019
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company for the purpose of calculation of basic earnings per share	**6,289**	168,836
	'000	*'000*
Number of ordinary shares for the purpose of basic earnings per share	**1,100,217**	1,100,217

Diluted earnings per share for the years ended 31 December 2020 and 2019 is same as the basic earnings per share as the Group has no potential ordinary shares in issue during the year.

(b) From continuing operations

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

	2020	2019
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**6,289**	168,836
Less: Loss for the year from a discontinued operation attributable to owners of the Company	**(12,626)**	(10,241)
Profit for the year from continuing operations attributable to owners of the Company for the purpose of calculation of basic earnings per share	**18,915**	179,077

The denominators used are the same as those detailed in note 6(a) above for both basic and diluted earnings per share.

(c) From a discontinued operation

The calculation of the basic loss per share from a discontinued operation attributable to owners of the Company is based on the following data:

	2020	2019
	HK$'000	*HK$'000*
Loss for the year from a discontinued operation attributable to owners of the Company	**(12,626)**	(10,241)

The denominators used are the same as those detailed in note 6(a) above for both basic and diluted loss per share.

	2020	2019
Loss per share		
– Basic	**(1.15) HK cents**	(0.93) HK cent
– Diluted	**(1.15) HK cents**	(0.93) HK cent

7 DIVIDENDS

	2020	2019
	HK$'000	*HK$'000*
Proposed final dividend:		
Nil HK cents (2019: 2 HK cents) per share	**–**	22,004
	–	22,004

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2020. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2020.

8 TRADE AND OTHER RECEIVABLES

	2020	2019
	HK$'000	*HK$'000*
Trade receivables	**231,721**	323,532
Less: Loss allowance	**(2,858)**	(5,322)
	228,863	318,210
Bills receivable	**43,219**	49,879
	272,082	368,089
Other receivables	**116,703**	57,543
Prepayments	**67,033**	74,591
Total trade and other receivables	**455,818**	500,223

Note:

The Group allows an average credit period of 60 days (2019: 60 days) to its trade customers.

The following is an ageing analysis of trade receivables net of loss allowance presented based on the invoice date at the end of the reporting period:

	2020	2019
	HK$'000	*HK$'000*
0 – 60 days	**143,041**	251,243
61 – 90 days	**15,536**	14,364
Over 90 days	**70,286**	52,603
	228,863	318,210

9 TRADE AND OTHER PAYABLES

	2020	2019
	HK$'000	*HK$'000*
Trade payables	**152,437**	143,532
Bills payables	**43**	–
Amount due to ultimate holding company *(Note i)*	**5,466**	5,135
Loan from immediate holding company *(Note ii)*	**–**	65,000
Loan from a fellow subsidiary *(Note ii)*	**–**	70,000
Other payables and accrued charges	**481,729**	358,140
	639,675	641,807

Notes:

(i) The amount due is unsecured, interest-free and repayable on demand.

(ii) The loans are unsecured, interest bearing at a fixed rate of 4.3% per annum and fully repaid during the year.

(iii) On 28 March 2014, Fong's National Engineering (Shenzhen) Company, Limited（立信染整機械（深圳）有限公司）("FNES"), an indirect wholly-owned subsidiary of the Company, entered into a Co-operation Agreement (the "Agreement") with a third party (the "Project Company"), for the redevelopment of FNES's existing land (the "Land") in Shenzhen by way of urban renewal (the "Urban Renewal Project").

Pursuant to the Agreement, the parties have designated the Project Company as the sole principal of the Urban Renewal Project with the sole right to redevelop and reconstruct the Land based on the terms of the Agreement. The Project Company is responsible for obtaining approvals from the PRC government for the redevelopment and reconstruction works contemplated under the Urban Renewal Project, including the demolition of the existing properties, the design, construction, completion and operation of the proposed facilities to be constructed on the redeveloped Land, and paying all costs in connection therewith (including reconstruction expenses, renovation expenses and land premium). FNES is responsible for the provision of the Land.

As part of the Agreement, FNES will receive (through resettlement and demolition compensation) (i) RMB1 billion in cash; and (ii) substitution of part of the existing properties on the Land (with a gross floor area of approximately 29,391 m^2) with facilities to be constructed on the redeveloped Land with a total gross floor area of approximately 30,000 m^2 (and, in addition, at least 100 car-parks).

Details of the co-operation on the Urban Renewal Project have been disclosed in the Company's circular dated 25 April 2014.

The Agreement has become effective upon the fulfilment of certain conditions precedent, including the approval of the Agreement by the shareholders at the special general meeting of the Company held on 15 May 2014 and by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the "SASAC") on 23 December 2014 respectively.

On 22 December 2014, FNES received the first installment payment of RMB100 million.

As advised by the Project Company, due to the delay in obtaining the approval of the Agreement by SASAC and various recent measures implemented by the PRC government in administering the urban renewal projects in Shenzhen, it would take much longer than expected to obtain approvals of the Urban Renewal Project proposal by the relevant governmental authorities in Shenzhen.

In view of the above, the Project Company had requested FNES to amend the terms of the Agreement regarding the deferral of the second and third installment payments of the cash compensation from on or before 31 December 2015 to on or before 30 September 2016.

On 2 April 2015, it was conditionally agreed in writing ("Supplemental Agreement") to defer the second and third installment payments subject to the approval of the shareholders of the Company. The Supplemental Agreement was approved by the shareholders at the annual general meeting of the Company held on 21 May 2015. Details of the variation of the terms of the Urban Renewal Project were disclosed in the Company's circular dated 21 April 2015.

In 2016, the Project Company had requested FNES to agree to a further deferral of the third installment payment of the cash compensation on or before 30 September 2017.

On 13 April 2016, it was conditionally agreed in writing ("Second Supplemental Agreement") to defer the third installment payment subject to the approval of the shareholders of the Company. The Second Supplemental Agreement was approved by the shareholders at the special general meeting of the Company held on 25 May 2016. Details of the further variation of the terms of the Urban Renewal Project were disclosed in the Company's circular dated 6 May 2016.

On 30 September 2016 and 29 September 2017, FNES received the second and third installment payments of RMB100 million each respectively.

On 28 November 2019, it was agreed in writing ("Third Supplemental Agreement") that the Project Company has agreed to advance FNES a further amount of RMB50 million as the fourth installment before 31 December 2019 and the payment was made on 18 December 2019. In addition, in accordance with the Third Supplemental Agreement, the total amount of RMB350 million is non-refundable and used to compensate the reallocation expenses, including plant disposal, employees' compensation and business losses arising from the reallocation, incurred during the year ended 31 December 2019. In view that substantial reallocation costs have been incurred and the variation of the terms of the Urban Renewal Project, the Group recognised RMB350 million as income resulting in a gain of HK$316,246,000 during the year ended 31 December 2019. Details of variation of the terms of the Urban Renewal Project were disclosed in the Company's announcement dated 20 December 2019.

On 24 June 2020, it was agreed in writing ("Fourth Supplemental Agreement") that the Project Company has agreed to advance FNES a further amount of RMB50 million as the fifth installment before 30 June 2020 and the payment was made on 30 June 2020. On 2 November 2020, it was agreed in writing ("Fifth Supplemental Agreement") that the Project Company has agreed to advance FNES a further amount of RMB75 million as the sixth installment before 15 November 2020 and a further amount of RMB75 million as the seventh installment before 15 December 2020. The payments were made on 30 November 2020 and 25 December 2020 respectively. On 25 December 2020, it was agreed in writing ("Sixth Supplemental Agreement") that the Project Company has agreed to advance FNES a further amount of RMB50 million as the eighth installment before 30 March 2021 and the payment was made on 30 March 2021. In addition, in accordance with the Sixth Supplemental Agreement, the total amount of RMB250 million received and receivable is non-refundable and used to compensate the reallocation expenses, including plant disposal, employees' compensation and business losses arising from the reallocation, incurred during the year ended 31 December 2020. In view that substantial reallocation costs have been incurred, the Group recognised RMB250 million as income resulting in a gain of HK$141,298,000 during the year ended 31 December 2020.

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

	2020	2019
	HK$'000	*HK$'000*
0 – 90 days	**132,498**	111,576
91 – 120 days	**–**	484
Over 120 days	**19,939**	31,472
	152,437	143,532

The average credit period on purchase of goods is 90 days (2019: 90 days). The Group has financial risk management policies in place to ensure that all payables are within the credit time frame.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of any final dividend for the year ended 31 December 2020. As there is no interim dividend payable during the year, there will be no dividend distribution for the whole year of 2020.

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board") of CHTC Fong's International Company Limited (the "Company" or "CHTC Fong's", together with its subsidiaries, the "Group"), I am pleased to present to the shareholders the audited annual results of the Group for the year ended 31 December 2020.

In 2020, the unexpected outbreak of COVID-19 has severely impacted the global economy and social operation, and also affected the operations of the three core operating segments of the Group to varying extents. Nevertheless, despite the challenging market environment, the management of the Group has managed to overcome the challenges and forge ahead by guaranteeing the safety and health of all employees through epidemic prevention and control on the one hand and ensuring continuous production and business on the other hand. For the year ended 31 December 2020, the Group recorded consolidated revenue of approximately HK$2,275,000,000 (2019: HK$2,663,000,000), representing a decline of 15% from last year.

In October 2020, the Group has commenced the relocation of its production base from Shenzhen to Zhongshan. The relocation process was carried out smoothly and substantially completed by the end of December 2020 without much interruption to the Group's production operation. The Shenzhen plant was built about 25 years ago with a site area of about 100,000 m^2. The limited plant area restrained the potential for further expansion of the Group's business. The new plant in Zhongshan has a site area of about 500,000 m^2, the relocation creates opportunities for the Group to carry out technological transformation, improve the processing level of manufacturing and streamline the production process. The Group is expected to realise incremental business growth, improve production efficiency, reduce overall production cost, and enhance corporate image and comprehensive competitiveness. The new plant is also in line with the Group's strategic plan for future expansion and development.

Meanwhile, under the leadership of the chief executive officer of the Group, the management has mapped out a blueprint of "building the Group into a world-class flagship enterprise of dyeing and finishing machinery manufacturing". The management team has vigorously implemented a business transformation program, systematically streamlining the management structures and business processes, and moving towards our recently defined development orientation of "confidence, synergy, change and accomplishment". With priorities on improving productivity and maximising asset value, the Group will focus on product innovation and brand building, increasing regional synergies, and strive to accelerate our business development.

2021 will be a particularly critical year for CHTC Fong's. All of us must strengthen our confidence, overcome all the hardships, and actively stand up to all difficulties and challenges ahead. The Group has an excellent team of management and employees, and a solid foundation of high-quality products and loyal customers. As long as we keep aspired, boost our confidence, dare to change and building on our strengths, the Group will be able to overcome the difficulties and problems in the progress and usher in a better prospect for development.

Looking into 2021, although the global economy will continue to be affected by the epidemic, the domestic situation will be further effectively controlled and China's economy is expected to achieve a stable and positive growth. With the roll-out of vaccines around the world and the gradual containment of the pandemic, we look forward to seeing a broad-based recovery in other markets of the world. The market demands suppressed by the pandemic will gradually be released and are expected to recover or even create a momentum of "restorative growth".

The success of the Group would not have been attained without the joint efforts of all our staff and management team. On behalf of the Board, I would like to take this opportunity to express heartfelt gratitude towards all members of the Board, the management team and all our staff for their continued endeavour and contribution in the past year. I believe that through our continuous efforts, CHTC Fong's is well positioned to achieve sustainable growth and a bright future.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS PERFORMANCE

In 2020, the unexpected outbreak of COVID-19 brought significant impact to the world economy. In response to the pandemic, countries have taken stringent measures to prevent spread of the virus, including suspension of industrial and commercial operations, border controls and logistics and transportation restrictions, which have brought economic activities to a standstill on a large scale. Under such unfavourable business environment, the Group's business operations were inevitably affected, facing much pressure and challenge. As a result of reduced demand for its products or requests from customers to delay the delivery of some orders, the Group experienced varying degrees of decline in operating revenue of all business segments.

The Group has classified the non-core business of environmental protection services as a discontinued operation in 2020. For the year ended 31 December 2020 (the "Year"), the Group's consolidated revenue from continuing operations decreased by 15% to approximately HK$2,275,000,000 (2019: HK$2,663,000,000) as compared to last year. Profit attributable to owners of the Company was approximately HK$6,000,000 (2019: HK$169,000,000). The basic and diluted earnings per share were 0.57 HK cent (2019: 15.35 HK cents).

MANUFACTURE AND SALE OF DYEING AND FINISHING MACHINES

For the Year, this business segment recorded revenue of approximately HK$1,756,000,000, accounting for 77% of the Group's revenue and representing a decrease of 10% from approximately HK$1,941,000,000 for last year. In particular, sales from Hong Kong and the PRC markets were approximately HK$1,029,000,000, representing a slight decrease of 5% from approximately HK$1,082,000,000 for last year; and sales from overseas markets were approximately HK$727,000,000, representing a decrease of 15% from approximately HK$859,000,000 for last year. This business segment recorded operating profit of approximately HK$57,000,000, taking into account the recognition of a gain of approximately HK$141,000,000 for the Year in respect of portions of the payment received from the urban renewal project of the land in Shenzhen (in the form of resettlement and demolition compensation) totalling RMB250,000,000 (equivalent to approximately HK$290,000,000), net of related costs of approximately HK$149,000,000, as the Group has started to relocate its production facilities from Shenzhen to Zhongshan in stages. In 2019, this business segment recorded operating profit of approximately HK$204,000,000, taking into account the recognition of a gain of approximately HK$316,000,000 in respect of portions of the payment received from the urban renewal project of the land in Shenzhen totalling RMB350,000,000 (equivalent to approximately HK$388,000,000), net of related costs of approximately HK$72,000,000.

Impacted by the COVID-19 pandemic, the global economy is facing severe challenges. Many countries around the world have adopted various pandemic prevention measures, including suspension of industrial and commercial operations, border controls and compulsory quarantine. Instability factors such as fluctuation in logistics, material supply and prices have severely impacted the supply chain, blocking the mobility of personnel and equipment. Therefore, our customers generally have paused their investment in new equipment, and postponed the schedules for new projects, resulting in a decline in demand or delay in delivery of the dyeing and finishing machinery of the Group. Thanks to the effective early prevention and control measures against the epidemic and the introduction of a series of supportive policies such as stabilising investment and exports by the government, China's economy took lead in the gradual recovery of economic growth in the second half of 2020. As a result, the revenue from this business in Hong Kong and the PRC was basically preserved, at 95% of that of 2019. With the recurrence of the pandemic, the recovery of major developed economies is lagging far behind. In addition, a majority of emerging markets and developing economies are trapped in a difficult situation. Accordingly, orders from Europe and some emerging markets remain weak, and business is unlikely to pick up significantly in the short term. At present, we expect that orders from the Chinese market will remain stable in the second half of 2021, while orders in overseas markets will improve slightly.

Since the outbreak of the COVID-19 pandemic in early 2020, our management team has been monitoring the development of the pandemic and taken timely actions and measures to protect employees from infection. Our plants in Shenzhen and Zhongshan have resumed operations and production smoothly and orderly in the first quarter of last year, with support functions taking flexible arrangements by working from home. As a result, the Group's operations were not severely interrupted. In response to the travel restrictions and compulsory quarantine measures against the pandemic, most of the exhibitions and off-the-line marketing activities have been cancelled. The Group has shift to digital ways to keep in touch with existing and potential customers, negotiate business sales, and maintain and strengthen business relations.

In October 2020, the Group has commenced the relocation of its production base from Shenzhen to Zhongshan. The relocation process was carried out smoothly and substantially completed by the end of December 2020 without much interruption to the Group's production operation. The new plant in Zhongshan has a site area of about 500,000 m^2, the relocation creates opportunities for the Group to carry out technological transformation, improve the processing level of manufacturing and streamline the production process. The Group is expected to realise incremental business growth, improve production efficiency and reduce overall production cost. The new plant is also in line with the Group's strategic plan for future expansion and development.

As a leading manufacturer of dyeing and finishing equipment in the world, CHTC Fong's has been focusing on the research and development of dyeing and finishing machinery, and will continue to increase investment in technical research to provide customers with more cost-effective products. In addition to meeting the individual needs of our customers, we look to standardise the production of components. At the same time, we should speed up the building of the Group's management team to meet and adapt to the current reform and development needs. The Company will remain efficiency oriented and attach more importance to smart manufacturing process, productivity improvement and digital transformation of the plants.

In response to the challenging environment, our management team has taken a series of operating cost and capital expenditure control measures and efforts to promote business recovery, so as to lower the breakeven point of operations and preserve liquidity to weather the current economic crisis. In 2021, the Group will build up an efficient organisation and improve its quality and cost competitiveness. On the market side, we will strive to strengthen market promotion, focus on key projects, improve the added value of products, comprehensively strengthen our distribution channels in various countries, accelerate the development of potential customers, and realise the strategic expansion of emerging markets. In terms of internal management, we should focus on material procurement, reduce production costs, strengthen manufacturing process and optimise process structure. Meanwhile, we should continue emphasise on pandemic control and prevention as well as safety production, to maintain operations in compliance with laws and regulations and to ensure the healthy operation of the Group's production and business activities.

TRADING OF STAINLESS STEEL SUPPLIES

For the year ended 31 December 2020, this business segment recorded revenue of approximately HK$192,000,000, accounting for approximately 8% of the Group's revenue and representing a decrease of 11% as compared to approximately HK$216,000,000 for last year. Due to the decrease in revenue, the segment reported operating loss of approximately HK$6,000,000 for the Year as compared to profit of approximately HK$6,000,000 for last year.

Impacted by the COVID-19 pandemic, the continued weak economic figures hamper the market sentiment. The pandemic prevention measures taken by various countries have seriously disrupted the global raw material supply chain and logistics transportation services. All these factors have led to a decrease in the sales volume of stainless steel products of the Group.

In respect of trading of stainless steel supplies, the Group has established strong relationship with some global leading steel manufacturing companies since commencing the business in 1988. As such, it is able to provide a diverse range of reliable and high-quality steel supplies to end-users, while procuring stainless steel raw materials for the Group's dyeing and finishing machines business in a more cost-effective way.

At present, orders in hand remain relatively healthy. The Group will continue to adopt a prudent approach in running this business. It will take appropriate actions to mitigate market risks, adjust selling prices and inventory level appropriately and in a timely manner based on market analysis and its judgment, in order to improve the inventory turnover ratio while minimising the risk on price fluctuations. At the same time, the Group will strengthen the credit management of sales and trade receivables in order to lower the risk of bad debts and improve its cash flow.

Looking into 2021, the construction industry in Hong Kong is booming as more major infrastructure projects have commenced, which, coupled with the accelerated pace of urbanisation and infrastructure construction in the PRC, will provide opportunities for trading of stainless steel supplies. Therefore, the Group remains optimistic on the prospect of the stainless steel trading business. The Group will closely monitor and respond to market changes to maintain steady growth in this business segment.

MANUFACTURE AND SALE OF STAINLESS STEEL CASTING PRODUCTS

For the year 2020, this business segment recorded revenue of approximately HK$327,000,000, accounting for 15% of the Group's revenue and representing a decrease of 35% as compared to approximately HK$506,000,000 for last year. Operating profit decreased to approximately HK$46,000,000 from approximately HK$83,000,000 for last year.

The products of this business segment are primarily high-quality castings and machined processing parts made of stainless steel, dual-phase steel and nickel-based alloys that are widely used in industrial equipment in industries such as valves, pumps, chemical, oil and natural gas and foods, with customers principally hailing from Europe, the United States and Japan.

Due to the COVID-19 pandemic, various countries in the world have taken strict pandemic prevention measures, including suspension of industrial and commercial operations, border controls as well as logistics and transportation restrictions. Many of our overseas markets have shut down their borders, interrupting the normal mobility of personnel and equipment. The progress of our project was seriously affected, resulting in customers' delay in purchasing our products or postponement of shipment.

The management team will keep in touch with existing and potential customers to maintain and strengthen the business relationship. The Group continues to implement its sales strategy, focusing on highly profitable products of different businesses and related customer industries. On the other hand, the management will continue to strive to streamline the manufacturing process, improve production efficiency, optimise quality control and reduce production waste, so as to reduce production costs and improve overall productivity. At present, the orders in hand are still relatively healthy, and the management team will strive to improve the cash flow and strictly monitor the accounts receivable.

The Group believes that market demand for high-quality stainless steel casting products will continue to grow in the mid to long term. It is anticipated that, this business segment will maintain steady revenue growth and make sustainable contribution to the Group's profit.

ENVIRONMENTAL PROTECTION SERVICES (DISCONTINUED)

The Group considers that the environmental protection services business is not its core business and has been underperforming since its investment in 2017 with little prospect of near-term turnaround in sight. Therefore, the Group intends to divest this investment to avoid further losses and make more efficient use of the Group's funds.

This business segment principally engaged in operating kitchen wastes innocuous treatment projects and animal carcasses innocuous treatment projects in Taian City, Shandong Province, the PRC. Since January 2019, the kitchen wastes treatment plant of Taian China Science Environmental Engineering Co., Ltd. (泰安中科環保工程有限公司) ("CSEE"), located at the northern foot of Hama Mountain (蛤蟆山) in Taian City, has been taken over by the Environmental Health Management Office of Taian City (泰安市環境衛生管理處). In April 2020, Taian CSCE Environmental Engineering Technology Co., Ltd.* ("Taian CSCE"), which was operating the animal carcasses innocuous treatment projects, entered into an escrow operation agreement with Taisheng Environmental Services (Shandong) Co., Ltd. (泰晟環境服務(山東)有限公司) ("Taisheng"), an independent third party. According to the agreement, Taisheng has taken over the operation of the animal carcasses processing facilities until the disposal of Taian CSCE, and shall be entitled to the profit and loss of the operation.

In view of the above, the business operations are considered to have been discontinued during the year and the financial position, results and cash flows are no longer reflected in the Company's consolidated financial statements. During the year, the Group has recognised an asset impairment of approximately HK$30,000,000 (2019: approximately HK$15,000,000) in respect of the non-core business of the environmental protection services based on the valuation prepared by an independent professional valuer. The Group is actively exploring the best possible solution to dispose of the business.

The Group believes that realising its investment in non-core businesses and focusing its resources on core businesses will help improve the Group's anti-risk capacity and the stability of future business growth.

PROSPECTS

Looking into the future, the impact of the COVID-19 pandemic will persist. The global economy remains complicated and challenging, and the market recovery is also facing uncertainties. However, we are confident about our prospects. With the roll-out of vaccines around the world and the gradual containment of the pandemic, we are looking forward to the comprehensive recovery of other markets across the globe. The market demands suppressed by the pandemic will gradually be released, and are expected to create a momentum of “restorative growth”.

Under the leadership of our chief executive officer, the management of the Group will continue to lead all employees, boost confidence and meet the challenges with more diligent work to raise the overall management level of the Group, comprehensively improve the market competitiveness of the Group, and bring the performance of the Group to new heights. The management of the Group are prepared for advancing the long-term business development of the Group, taking momentum from the global recovery to maximise the returns to our shareholders.

HUMAN RESOURCES

As at 31 December 2020, the Group had a total of approximately 3,600 employees (31 December 2019: approximately 4,150 employees) across mainland China, Hong Kong, Macau, Germany, Switzerland, Austria, Thailand, India, Turkey and Central and the United States. In 2020, total staff costs (including Directors’ emoluments, employees’ remuneration and contribution to retirement benefits schemes) amounted to approximately HK$668,000,000 (2019: HK$781,000,000), accounting for 29% (2019: 29%) of its revenue. The Group will continue to monitor the market situation and consolidate its human resources and labour structure in order to utilise manpower more efficiently and enhance operational productivity.

The Group has always placed great importance on enhancing and optimising our human resources and considers that competitive remuneration is an essential factor that motivates employees at all levels to be dedicated to their work and to provide customers with high-quality products and services. The Group's employees are remunerated according to industry benchmarks, prevailing market conditions, their experiences and performance. The Group's remuneration policies and packages are reviewed by the Remuneration Committee of the Company on a regular basis. Discretionary bonus and share options may be awarded to eligible employees with reference to individual performance and the Group's business performance. The Group also provides employees with other benefits including annual leave, medical insurance, education subsidies and contributions to retirement benefits schemes or Mandatory Provident Fund Schemes. The Group recognises the importance of having high caliber employees. Therefore, the Group will continue to offer appropriate training programs to employees at all levels and positions on an ongoing basis so as to improve staff's quality to better cope with the future development of the Group.

LIQUIDITY AND CAPITAL SOURCES

Given continuously increasing cost pressure, the Group strictly implemented prudent cost and cash flow management. During the Year, the Group met its funding requirements in ordinary and normal course of business with cash flow generated from operations, banking facilities and debt financing. The management believes that the Group's current cash and cash equivalents, together with available credit facilities and expected cash flow from operations, will be sufficient to satisfy the current operational requirements of the Group.

During the year ended 31 December 2020, the Group's net cash inflow generated from operating activities was approximately HK$557,000,000. As at 31 December 2020, the Group's inventory level decreased to approximately HK$607,000,000 as compared to approximately HK$766,000,000 as at 31 December 2019.

As at 31 December 2020, bank and other borrowings of the Group amounted to approximately HK$1,705,000,000. Most of the bank and other borrowings were sourced from Hong Kong, with 80% denominated in Hong Kong dollars, 14% in Renminbi and 6% in United States dollars. The Group's bank and other borrowings are predominantly subject to floating interest rates.

As at 31 December 2020, the Group's bank balances and cash amounted to approximately HK$342,000,000, of which 43% was denominated in Renminbi, 22% in Euros, 19% in United States dollars, 13% in Hong Kong dollars and the remaining 3% in other currencies.

The Group continued to maintain prudent financial management policies during the Year. As at 31 December 2020, the Group's gearing ratio, defined as net bank and other borrowings (other than payables in ordinary course of business) over total equity, decreased to 78% (31 December 2019: 94%) and its current ratio was 0.58 (31 December 2019: 0.58). The change of gearing ratio was primarily due to the increase of the debt scale.

The Group's sales were principally denominated in Renminbi, United States dollars or Euros, while purchases were principally denominated in Renminbi, United States dollars, Euros or Hong Kong dollars. As such, the Group does not foresee significant exposure to exchange rate risks. The Board will continue to monitor the Group's overall exposure to foreign exchange risks and will consider hedging significant foreign currency risks, should the need arise.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2020.

CORPORATE GOVERNANCE

The Company wishes to highlight the importance of the Board in ensuring effective leadership and control of the Company, transparency and accountability of all aspects of operations and that its business is conducted in accordance with applicable laws and regulations.

The Company also recognises the importance of good corporate governance to the Group's healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the Group's needs.

Throughout the year ended 31 December 2020, the Company has complied with all the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

CODES FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. All the Directors have confirmed, following a specific enquiry by the Company, that they have complied with the required standard as set out in the code of conduct regarding securities transactions by the Directors adopted by the Company throughout the year ended 31 December 2020 and up to the date of this announcement.

The Company has also adopted a code of conduct regarding securities transactions by relevant employees of the Group on terms no less exacting than the required standard set out in the Model Code to regulate dealings in the securities of the Company by certain employees of the Company or directors or employees of the Company's subsidiaries who are considered to be likely in possession of unpublished price sensitive information in relation to the Company or its subsidiaries. No incident of non-compliance was noted by the Company for the year ended 31 December 2020.

REVIEW OF ACCOUNTS

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statements of the Company for the year ended 31 December 2020. The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in this announcement have been agreed by the Company's auditor, PKF Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PKF Hong Kong Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PKF Hong Kong Limited on the preliminary announcement.

ANNUAL REPORT

The Annual Report for the year ended 31 December 2020 will be despatched to the shareholders and will be published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk as well as the website of the Company at www.fongs.com in due course.

On behalf of the Board
CHTC Fong's International Company Limited
Ye Maoxin
Chairman

Hong Kong, 31 March 2021

As at the date of this announcement, the Company's Executive Directors are Mr. Ye Maoxin (Chairman), Mr. Guan Youping (Chief Executive Officer), Ms. Guo Yunfei (Chief Financial Officer) and Mr. Wu Xudong; the Non-executive Director is Mr. Fong Kwok Leung, Kevin; and the Independent Non-executive Directors are Mr. Ying Wei, Dr. Yuen Ming Fai and Mr. Li Jianxin.