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 2021

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 2021 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 2021

	Notes	**2021** *HK$'000*	2020 *HK$'000*
Continuing operations			
Revenue	2	**2,672,467**	2,275,477
Cost of sales		**(2,032,632)**	(1,597,035)
Gross profit		**639,835**	678,442
Interest income		**1,443**	992
Other income		**35,482**	28,622
Other gains	8	**397,401**	134,859
Selling and distribution costs		**(249,321)**	(165,813)
Administrative and other expenses		**(588,222)**	(579,127)
Finance costs	3	**(62,343)**	(50,467)
Share of results of an associate		**(2,261)**	96
Profit before tax		**172,014**	47,604
Income tax expense	4	**(94,216)**	(28,467)
Profit for the year from continuing operations		**77,798**	19,137
Discontinued operation			
Loss for the year from a discontinued operation	5	**(6,760)**	(30,777)
Profit (loss) for the year		**71,038**	(11,640)

	Notes	2021 HK$'000	2020 HK$'000
Other comprehensive income (expense), net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation		**52,873**	115,813
Share of translation reserve of an associate		**1,113**	1,798
		53,986	117,611
Items that will not be reclassified to profit or loss:			
Remeasurement gain on defined benefit plan		**1,411**	429
Fair value loss on financial assets at fair value through other comprehensive income		**(48,637)**	(23,621)
		(47,226)	(23,192)
Other comprehensive income for the year		**6,760**	94,419
Total comprehensive income for the year		**77,798**	82,779
Profit (loss) for the year attributable to owners of the Company			
– from continuing operations		**77,541**	18,915
– from a discontinued operation	5	**(536)**	(12,626)
		77,005	6,289
Profit (loss) for the year attributable to non-controlling interests			
– from continuing operations		**257**	222
– from a discontinued operation	5	**(6,224)**	(18,151)
		(5,967)	(17,929)

	Notes	2021 HK$'000	2020 HK$'000
Total comprehensive income for the year attributable to:			
Owners of the Company		**84,638**	103,705
Non-controlling interests		**(6,840)**	(20,926)
		77,798	82,779
Earnings per share			
From continuing and discontinued operations			
Basic	6(a)	**7.00 HK cents**	0.57 HK cent
Diluted	6(a)	**7.00 HK cents**	0.57 HK cent
From continuing operations			
Basic	6(b)	**7.05 HK cents**	1.72 HK cents
Diluted	6(b)	**7.05 HK cents**	1.72 HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2021

	Notes	**2021** *HK$'000*	2020 *HK$'000*
Non-current assets			
Property, plant and equipment		**1,805,194**	1,828,893
Investment properties		**144,000**	–
Right-of-use assets		**28,782**	40,561
Prepaid lease payments		**209,726**	215,192
Goodwill		**533,515**	533,515
Intangible assets		**92,755**	93,028
Financial assets at fair value through other comprehensive income		**114,087**	158,082
Investment in an associate		**28,472**	29,620
Deposits for acquisition of property, plant and equipment		**4,587**	80,462
Deposits for acquisition of leasehold land		**57,214**	55,582
Other assets	8	**45,177**	–
Deferred tax assets		**12,574**	41,272
		3,076,083	3,076,207
Current assets			
Inventories		**623,680**	606,555
Trade and other receivables	9	**413,274**	455,818
Tax recoverable		**6,069**	4,767
Cash and bank balances		**288,519**	342,177
		1,331,542	1,409,317
Assets of a disposal group classified as held for sale	5	**88,155**	120,164
		1,419,697	1,529,481
Current liabilities			
Trade and other payables	10	**960,207**	639,675
Contract liabilities		**300,795**	234,851
Warranty provision		**10,586**	14,732
Lease liabilities		**8,092**	12,192
Tax liabilities		**126,993**	10,602
Bank and other borrowings		**1,099,158**	1,705,140
		2,505,831	2,617,192
Liabilities of a disposal group classified as held for sale	5	**36,944**	36,635
		2,542,775	2,653,827

	Notes	2021 *HK$'000*	2020 *HK$'000*
Net current liabilities		**(1,123,078)**	(1,124,346)
Total assets less current liabilities		**1,953,005**	1,951,861
Non-current liabilities			
Deferred revenue		**69,261**	70,389
Deferred tax liabilities		**35,682**	103,309
Lease liabilities		**22,089**	29,988
		127,032	203,686
Net assets		**1,825,973**	1,748,175
Capital and reserves			
Total equity attributable to owners of the Company			
Share capital		**55,011**	55,011
Share premium and reserves		**1,804,028**	1,719,390
		1,859,039	1,774,401
Non-controlling interests		**(33,066)**	(26,226)
Total equity		**1,825,973**	1,748,175

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 2021

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 2021 for the preparation of the consolidated financial statements:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 & HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	Covid-19-Related Rent Concessions

The application of 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 on the disclosures set out in these consolidated financial statements.

The following HKFRSs in issue at 31 December 2021 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 2021:

HKFRS 17	Insurance Contracts and the Related Amendments[3]
Amendments to HKFRS 3	Reference to the Conceptual Framework[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[3]
Amendments to HKAS 8	Definition of Accounting Estimates[3]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[3]
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use[2]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020[2]

[1] Effective for annual periods beginning on or after 1 April 2021.
[2] Effective for annual periods beginning on or after 1 January 2022.
[3] Effective for annual periods beginning on or after 1 January 2023.
[4] 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, manufacture and sale of stainless steel casting products and trading of stainless steel supplies. The Group's provision of environmental protection services was regarded as a discontinued operation during the year ended 31 December 2020.

Disaggregation of revenue

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

	2021	2020
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Continuing operations		
Sales of dyeing and finishing machines	**2,163,588**	1,756,331
Sales of stainless steel casting products	**345,421**	327,433
Sales of stainless steel supplies	**163,458**	191,713
	2,672,467	2,275,477

Disaggregation of revenue from contracts with customers from continuing 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. Manufacture and sale of stainless steel casting products

3. Trading of stainless steel supplies

An operating segment regarding provision of environmental protection services was discontinued during the year ended 31 December 2020. 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 2021

	Manufacture and sale of dyeing and finishing machines	**Manufacture and sale of stainless steel casting products**	**Trading of stainless steel supplies**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
REVENUE				
Point in time	**2,163,588**	**345,421**	**163,458**	**2,672,467**
External sales	**2,163,588**	**345,421**	**163,458**	**2,672,467**
Inter-segment sales	**83**	**21,985**	**131,301**	**153,369**
Segment revenue	**2,163,671**	**367,406**	**294,759**	**2,825,836**
Elimination				**(153,369)**
Group revenue				**2,672,467**
Segment profit	**221,289**	**8,170**	**5,716**	**235,175**
Interest income				**1,443**
Finance costs				**(62,343)**
Share of results of an associate				**(2,261)**
Profit before tax from continuing operations				**172,014**

For the year ended 31 December 2020

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

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 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**	
	2021	2020	**2021**	2020
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**1,313,308**	1,129,302	**2,424,826**	2,331,340
Hong Kong	**87,227**	154,337	**310,077**	316,345
Asia Pacific (other than the PRC and Hong Kong)	**621,076**	461,624	**192**	370
Europe	**428,078**	329,596	**164,771**	193,631
North and South America	**202,258**	145,811	**21,084**	5,547
Others	**20,520**	54,807	**–**	–
	2,672,467	2,275,477	**2,920,950**	2,847,233

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 2021 and 2020.

3 FINANCE COSTS

	2021	2020
	HK$'000	*HK$'000*
Continuing operations		
Interest on borrowings	**49,385**	65,077
Less: Interest capitalised *(Note i)*	**–**	(21,460)
	49,385	43,617
Interest on lease liabilities	**927**	1,340
Bank charges	**12,031**	5,510
	62,343	50,467

Note:

(i) During the year ended 31 December 2020, finance costs on funds borrowed generally were capitalised at a rate ranging from 2.61% to 3.46% per annum.

4 INCOME TAX EXPENSE

	2021	2020
	HK$'000	*HK$'000*
Continuing operations		
Hong Kong Profits Tax:		
Current year	**3,720**	5,107
Over-provision in prior years	**(612)**	(148)
PRC Corporate Income Tax:		
Current year	**131,834**	11,530
(Over) under-provision in prior years	**(35)**	81
Overseas income tax:		
Current year	**503**	245
Over-provision in prior years	**(916)**	(1,512)
	134,494	15,303
Deferred tax		
Current year	**(40,278)**	13,164
	94,216	28,467

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 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 control over the operations of the animal carcass processing facilities and the kitchen wastes recycling treatment plant and the Directors 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 2021 and 2020, which have been included in the consolidated statement of profit or loss and other comprehensive income for the years ended 31 December 2021 and 2020, were as follows:

	2021	2020
	HK$'000	*HK$'000*
Revenue	**–**	–
Interest income	**5,529**	–
Other income	**–**	136
Administrative and other expenses	**(5,886)**	(713)
Loss on disposal of disposal group	**(6,403)**	–
Impairment loss on assets held for sale	**–**	(30,200)
Loss before tax	**(6,760)**	(30,777)
Income tax	**–**	–
Loss for the year from a discontinued operation	**(6,760)**	(30,777)
Loss for the year from a discontinued operation attributable to:		
Owners of the Company	**(536)**	(12,626)
Non-controlling interests	**(6,224)**	(18,151)
	(6,760)	(30,777)

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

	2021	2020
	HK$'000	*HK$'000*
Impairment loss on assets held for sale	**–**	30,200
Loss on disposal of disposal group	**6,403**	–
Loss allowance on other receivables	**1,004**	–
Staff costs – salaries, wages and other benefits	**–**	363

The net cash flows incurred by the discontinued operation of the provision of environmental protection services for the years ended 31 December 2021 and 2020 were as follows:

	2021	2020
	HK$'000	*HK$'000*
Net cash used in operating activities	**(2)**	(3)
Net cash used in investing activities	**–**	(827)
Net cash from financing activities	**–**	–

During the year ended 31 December 2020, the Directors 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 2021 and 2020 are as follows:

	2021	2020
	HK$'000	*HK$'000*
Assets of a disposal group classified as held for sale		
Investment	**–**	108,732
Property, plant and equipment	**20**	4,348
Intangible assets	**–**	1,222
Trade and other receivables	**88,113**	5,838
Cash and bank balances	**22**	24
Total assets of a disposal group classified as held for sale	**88,155**	120,164
Liabilities of a disposal group classified as held for sale		
Other payables	**(36,944)**	(36,298)
Deferred tax liabilities	**–**	(337)
Total liabilities of a disposal group classified as held for sale	**(36,944)**	(36,635)

At 31 December 2021, the translation reserve of the Group includes a cumulative exchange gain recognised in other comprehensive income of approximately HK$4,060,000 (2020: HK$5,844,000) relating to the disposal group classified as held for sale.

At 31 December 2020, the recoverable amount of the disposal group was 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 of HK$108,732,000 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 was used and adjusted for lack of marketability discount of 15%. Its fair value was classified within level 3 of the fair value hierarchy.

During the year ended 31 December 2021, the Group has completed the disposal of the equity interests of Taian CSCE, Taian CSEE and certain subsidiaries within the disposal group at a total consideration of approximately RMB23,298,000 resulting in a loss of approximately HK$6,403,000.

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:

	2021	2020
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company for the purpose of calculation of basic earnings per share	**77,005**	6,289
	'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 2021 and 2020 is same as the basic earnings per share as the Group has no potential ordinary shares in issue during the years.

(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:

	2021	2020
	HK$'000	*HK$'000*
Profit for the year attributable to owners of the Company	**77,005**	6,289
Less: Loss for the year from a discontinued operation attributable to owners of the Company	**(536)**	(12,626)
Profit for the year from continuing operations attributable to owners of the Company for the purpose of calculation of basic earnings per share	**77,541**	18,915

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:

	2021	2020
	HK$'000	*HK$'000*
Loss for the year from a discontinued operation attributable to owners of the Company	**(536)**	(12,626)

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

	2021	2020
Loss per share		
– Basic	**(0.05) HK cent**	(1.15) HK cents
– Diluted	**(0.05) HK cent**	(1.15) HK cents

7 DIVIDENDS

	2021	2020
	HK$'000	*HK$'000*
Proposed final dividend:		
1 HK cent (2020: Nil HK cent) per share	**11,002**	–
	11,002	–

The final dividend in respect of the year ended 31 December 2021 of 1 HK cent (2020: Nil HK cent) per share has been proposed by the Board of Directors and is subject to the approval at the forthcoming annual general meeting of the Company.

No interim dividend was declared and paid in respect of the years ended 31 December 2021 and 2020.

8 OTHER ASSETS

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 (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 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. 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.

On 30 September 2021, it was agreed in writing ("Seventh Supplemental Agreement") that the Project Company has agreed to pay the balance of RMB400 million in two instalments. The payments were made on 6 December 2021 and 20 December 2021 respectively. Since the relocation has been completed, the Group has recognised RMB400 million as income resulting from a gain of approximately HK$401 million during the year ended 31 December 2021.

Apart from the RMB1 billion cash consideration, the Group should also receive properties with a total gross floor area of approximately 30,000 m^2 and at least 100 car-parks in exchange of the properties given up by the Group. Since the Group is unable to measure reliably the fair value of either the properties to be received or the properties given up, the properties to be received is measured at the carrying amount of the properties given up and recognised as other assets of approximately HK$45,177,000 at 31 December 2021.

9 TRADE AND OTHER RECEIVABLES

	2021	2020
	HK$'000	*HK$'000*
Trade receivables	**216,199**	231,721
Less: Loss allowance	**(3,883)**	(2,858)
	212,316	228,863
Bills receivable	**53,095**	43,219
	265,411	272,082
Other receivables	**57,884**	116,703
Prepayments	**89,979**	67,033
Total trade and other receivables	**413,274**	455,818

Note:

The Group allows an average credit period of 60 days (2020: 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:

	2021	2020
	HK$'000	*HK$'000*
0 – 60 days	**158,553**	143,041
61 – 90 days	**19,429**	15,536
Over 90 days	**34,334**	70,286
	212,316	228,863

10 TRADE AND OTHER PAYABLES

	2021	2020
	HK$'000	*HK$'000*
Trade payables	**312,758**	152,437
Bills payables	**59,932**	43
Amount due to intermediate holding company *(Note i)*	**–**	5,466
Other payables and accrued charges	**587,517**	481,729
	960,207	639,675

Note:

(i) The amount due was unsecured, interest-free and fully settled during the year.

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

	2021	2020
	HK$'000	*HK$'000*
0 – 90 days	**217,512**	132,498
91 – 120 days	**10,481**	–
Over 120 days	**84,765**	19,939
	312,758	152,437

The average credit period on purchase of goods is 90 days (2020: 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 recommended the payment of a final dividend of 1 HK cent per share, totalling approximately HK$11,002,000. The proposed final dividend for the year ended 31 December 2021 was approved at the Company's board meeting held on 31 March 2022. Details of the dividends for the year ended 31 December 2021 are set forth in Note 7 hereof.

The proposed final dividend shall be subject to the consideration and approval at the Company's 2022 annual general meeting, and the final dividend is expected to be distributed to shareholders in one month from the 2022 annual general meeting.

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 annual report of the Group for the year ended 31 December 2021.

It has been more than two years since the global outbreak of COVID-19, and 2021 has been a challenging year for the Group. In the beginning of the year, the pandemic situation was expected to return to normal. However, with the outbreak of two variants (Delta and Omicron), the pandemic relapsed and brought significant uncertainties to the recovery of the global economy. The breakage of supply chain and border controls brought by the COVID-19 pandemic inevitably caused increase in costs of human resources and material, thus bringing pressure and challenges to the three core operating segments of the Group. Nevertheless, despite the challenging market environment, the Group's management team proactively took various measures to cope with the impact of the pandemic with a united heart, guaranteeing the safety and health of all employees through epidemic prevention and control and continuing production and operation to maintain consistent business performances. For the year ended 31 December 2021, the Group recorded consolidated revenue of approximately HK$2,672,000,000 (2020: HK$2,275,000,000), representing an increase of 17% from last year.

Looking ahead to 2022, the global market still faces many uncertainties under the COVID-19 pandemic, which brings multiple challenges to the Group, as well as market opportunities. The Group will continue to make every effort to develop new products, explore new markets to fulfill needs of different customers, and adhere to face challenges with the operating belief of "Confident, Collaborate, Change, Achieve". On the other hand, due to the tight supply of raw material and some components, the overall cost continued to rise, for which the Group will enhance procurement management to mitigate the impact on production and operation brought by supply shortage of raw material and components and volatile prices. In addition, the Group is currently strengthening internal integration and adjusting the production process flow to reduce various costs and further improve operating efficiency and production capacity. The Group continues to improve product quality and optimise cost structure to increase product competitivity, in the hope of further expanding market shares and consolidate the leading position in the market. The management team of CHTC Fong's will continue to do its best and proactively thrive for business achievements and expand our ambitious plans.

On behalf of the Board, I would like to take this opportunity to express heartfelt gratitude towards all shareholders, customers, suppliers, business partners and correspondent banks for their long-term strong support , as well as all the employees for their endeavor and contribution for the Group's development. In the new year, hopefully we will continue to work together against all the difficulties and challenges, to enhance development for the Group, achieve dreams for the employees and bring returns for the shareholders. I believe that with the unremitting efforts of the Board, management team and all the employees, as a corporate with nearly 60 years of glorified history, CHTC Fong's will achieve sustainable development and reach another peak, providing more delicate products for the customers and creating greater value for our shareholders, employees and society.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS PERFORMANCE

In 2021, the ongoing COVID-19 pandemic continued to bring uncertainties to the operating environment. In addition, the unstable global supply chain and surging prices of raw materials led to increase in operating costs, affecting the Group's operating performances. Due to the weak market, competition is becoming fiercer, which makes it difficult to transfer the increase in product costs to customers completely. The Group's various core businesses recorded different business performances for each segment due to different market and different competitors. For the year ended 31 December 2021 (the "Year"), the Group's consolidated revenue from continuing operations increased by 17% to approximately HK$2,672,000,000 (2020: HK$2,275,000,000) as compared to last year. Profit attributable to owners of the Company was approximately HK$77,000,000 (2020: HK$6,000,000). The basic and diluted earnings per share were 7.00 HK cents (2020: 0.57 HK cent).

MANUFACTURE AND SALE OF DYEING AND FINISHING MACHINES

It has been more than two years since the outbreak of the novel coronavirus in 2019, which has brought severe impact on people's lives, livelihood and global economy. Multiple countries around the world have adopted various pandemic prevention measures, including suspension of industrial and commercial operations, border controls and mandatory quarantine. 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. Our orders from the dyeing and finishing machinery business have picked up to the pre-pandemic level thanks to our management team's efforts.

For the Year, this business segment recorded revenue of approximately HK$2,164,000,000, accounting for 81% of the Group's revenue and representing an increase of 23% from approximately HK$1,756,000,000 for last year. In particular, sales from Hong Kong and the PRC markets were approximately HK$1,174,000,000, representing an increase of 14% from approximately HK$1,029,000,000 for last year; and sales from overseas markets were approximately HK$990,000,000, representing an increase of 36% from approximately HK$727,000,000 for last year. Nevertheless, due to the ongoing COVID-19 pandemic, plus regulatory measures such as the border controls and transportation restrictions implemented by various countries in the world, shipping capacity was severely impaired and logistics costs were increased, causing significant interruptions to the global supply chain, which in turn led to the tight supply of some raw materials and components as reflected in their surging prices. The raw materials for this business segment are mainly stainless steel, the prices of which have been maintained on the rise since last year and now are fluctuating narrowly at historic high levels, affecting the costs of our products to a certain extent. Meanwhile, in the face of increasing market competition, the sales prices of certain products of the Company failed to increase in line with the price increases in their raw materials and components, eventually placing great pressure on our profit margin.

This business segment recorded operating profit of approximately HK$221,000,000, taking into account the recognition of a pre-tax gain of approximately HK$401,000,000 for the Year in respect of the payment received from the urban renewal project of the land in Shenzhen (in the form of resettlement and demolition compensation) totalling RMB400,000,000 (equivalent to approximately HK$488,000,000), net of related costs of approximately HK$87,000,000, as the Group has started to relocate its production facilities from Shenzhen to Zhongshan in stages. In 2020, 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 in respect of portions of the payment received from the urban renewal project of the land in Shenzhen totalling RMB250,000,000 (equivalent to approximately HK$290,000,000), net of related costs of approximately HK$149,000,000.

We estimates that the increasing tendency of raw material costs will not subside for the time being, and is likely to fluctuate continuously, while raising the sales price of products was not able to mitigate the substantial rise in raw material costs. 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. We will prioritise prudent auditing of our financial conditions, and conduct inventory control, control trade receivables strictly, reset assets more reasonably, so as to sustain sufficient cash flow. 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 response to the travel restrictions and mandatory quarantine measures against the pandemic, most of the exhibitions and physical marketing activities have been cancelled. The Group has shifted to digitally-enabled channels to stay connected with the existing and potential customers, negotiate business sales, and maintain and strengthen business relations. In terms of internal management, we should focus on material procurement, utilise alternative materials, reduce various fees and expenditure, strengthen manufacturing process and optimise process structure. Meanwhile, we should continue to emphasise on pandemic control and prevention as well as safety production, to maintain operations in compliance with the laws and regulations and to ensure the healthy operation of the Group’s production and business activities.

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 transformation of digital plants.

In October 2020, the Group has commenced the relocation of its production base of dyeing and finishing machinery and stainless steel casting business from Shenzhen to Zhongshan. The relocation process was carried out smoothly and substantially completed by the end of February 2021 without significant interruption to the Group's production operation. The relocation creates opportunities for the Group to carry out technological transformation, improve the manufacturing craftsmanship standard 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. The production efficiency of such equipment has not reached its best level due to the hindrance posed by the COVID-19 pandemic.

MANUFACTURE AND SALE OF STAINLESS STEEL CASTING PRODUCTS

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, 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 negotiation on projects with customers was seriously affected, resulting in customers' delay in orders or postponement of order's delivery.

For the year 2021, this business segment recorded revenue of approximately HK$345,000,000, accounting for 13% of the Group's revenue and representing an increase of 6% as compared to approximately HK$327,000,000 for last year. Operating profit decreased to approximately HK$8,000,000 from approximately HK$46,000,000 for last year.

Earlier this year, leveraging the opportunity to relocate its production facilities from Buji, Shenzhen to Cuiheng New District, Zhongshan, the Group readjusted its production structure and production capacities and simultaneously performed technical upgrade to further enhance its process technology in production and product quality in response to market changes. During the relocation, certain employees including some skilled machining technicians chose to resign from the Group, resulting a loss of core production personnel unplaceable within a short term to the Group. Based on the above, the original production schedule and production capacities of this business segment was affected to some extent and only gradually recovered until the second quarter. It caused the delay in delivery of some orders during the first half of the year, leading to a decrease in production for the period and thereby revenue. Currently, the operating team is communicating with customers in respect of the rescheduling of order priority and delivery timetable in order to facilitate production process and fulfil customer demands.

At present, orders on hand of this business remain at relatively healthy status. The management team is in close contact with the existing and potential customers to maintain and strengthen the business relationship. The Group will also increase its efforts to implement its sales strategy, focusing on high profit margin products of different businesses and related customer industries and the introduction of products with high added value to cater for customers' demands. Meanwhile, we will also proactively explore new market to better promote our products to different markets. On the other hand, the Group will continue to strive to streamline the manufacturing process, further improve operational efficiency, optimise quality control and reduce production waste, so as to reduce operating costs and improve overall productivity.

The Group remains optimistic about this business segment. The Board believes that market demand for high-quality stainless steel casting products will continue to grow in the mid to long term. This business segment will resume steady revenue growth and make sustainable contribution to the Group's profit.

TRADING OF STAINLESS STEEL SUPPLIES

In 2021, the COVID-19 pandemic was still evolving and affecting the macro economy. The implementation of measures to contain the epidemic in various countries has caused serious disruptions in the global raw material supply chain and logistics and transportation, which have led to a decrease in the Group's sales of stainless steel supplies. However, the price of stainless steel has shown a steady upward trend since 2020, with a corresponding increase in gross profit. For the year ended 31 December 2021, this business segment recorded revenue of approximately HK$163,000,000, accounting for approximately 6% of the Group's revenue and representing a decrease of 15% as compared to approximately HK$192,000,000 in last year. Operating profit for the year amounted to approximately HK$6,000,000, while the operating loss for last year was approximately HK$6,000,000.

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 at relatively healthy status. 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 position.

Looking forward to 2022, the price of stainless steel is expected to remain at relatively high levels with slight fluctuations. At present, orders in hand remain at relatively healthy status. 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 position.

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 management will closely monitor and respond to market changes to maintain steady growth in this business segment.

ENVIRONMENTAL PROTECTION SERVICES (DISCONTINUED OPERATION)

As mentioned in our Annual Report 2020, the operations of the kitchen waste innocuous treatment projects and animal carcasses innocuous treatment projects under this business segment have been taken over by independent third parties who have assumed sole responsibilities for profits and losses. Therefore, in 2020, the Group has classified the provision of the non-core business of the environmental protection services as a discontinued operation and its financial position, results and cash flows are no longer reflected in the Company's consolidated financial statements.

During the year ended 31 December 2021, the Group has completed the disposal of the equity interests of Taian CSCE, Taian CSEE and certain subsidiaries within the disposal group at a total consideration of approximately RMB23,298,000 resulting in a loss of approximately HK$6,403,000.

With the discontinued operation of the environmental protection services business and the completion of the equity auction, the Group will focus its resources on core businesses, which will help improve the Group's anti-risk capacity and the stability of future business growth.

PROSPECTS

Despite the uncertainties surrounding the novel coronavirus outbreak, we believe that with the constant efforts of all our staff and the support of our stakeholders, the Group's business performance will gradually improve in the coming financial years. The Group will closely monitor the changes in the market and continue to be cautiously optimistic in exploring opportunities to develop its businesses. We will develop different business strategies and utilise our resources effectively to maintain sustainable long-term growth. Founded nearly 60 years ago, the Group has become a leading global manufacturer of dyeing and finishing machinery. The Group will stay true to its original aspiration and build on the solid foundation and good reputation it has accumulated over the years as dedicated as ever to strive for the continuous growth of its business in the future.

HUMAN RESOURCES

As at 31 December 2021, the Group had a total of approximately 3,400 employees (31 December 2020: approximately 3,600 employees) across mainland China, Hong Kong, Macau, Germany, Switzerland, Austria, Thailand, India, Turkey and the United States. In 2021, total staff costs (including Directors' emoluments, employees' remuneration and contribution to retirement benefits schemes) amounted to approximately HK$783,000,000 (2020: HK$668,000,000), accounting for 29% (2020: 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

The Group strictly implemented prudent cost and cash flow management in order to ensure the continuous operation of the Group. 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 2021, the Group's net cash inflow generated from operating activities was approximately HK$264,000,000. As at 31 December 2021, the Group's inventory level increased to approximately HK$624,000,000 as compared to approximately HK$607,000,000 as at 31 December 2020.

As at 31 December 2021, bank and other borrowings of the Group amounted to approximately HK$1,099,000,000. Most of the bank and other borrowings were sourced from Hong Kong, with 68% denominated in Hong Kong dollars, 30% in Renminbi and 2% in United States dollars. The Group's bank and other borrowings are predominantly subject to floating interest rates.

As at 31 December 2021, the Group's bank balances and cash amounted to approximately HK$289,000,000, of which 39% was denominated in Renminbi, 31% in Hong Kong dollars, 17% in Euros, 11% in United States dollars and the remaining 2% in other currencies.

The Group continued to maintain prudent financial management policies during the Year. As at 31 December 2021, the Group's gearing ratio, defined as net bank borrowings (other than payables in ordinary course of business) over total equity, decreased to 42% (31 December 2020: 78%) and its current ratio was 0.56 (31 December 2020: 0.58).

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 2021.

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 2021, the Company has complied with all the code provisions of the Corporate Governance 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 during the year ended 31 December 2021.

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 2021.

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 2021. 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 2021 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 2021 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 2022

As at the date of this announcement, the Company's Executive Directors are Mr. Ye Maoxin (Chairman), Mr. Guan Youping (General Manager) and Ms. Guo Yunfei (Financial Controller); the Non-executive Director is Mr. Fong Kwok Leung, Kevin; and the Independent Non-executive Directors are Mr. Tong Wing Chi, Dr. Jiang Gaoming and Mr. Li Jianxin.