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

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

ANNOUNCEMENT OF ANNUAL RESULTS 2011

The Board of Directors (the "Board") of China Aerospace International Holdings Limited (the "Company") is pleased to announce the audited results and financial statements of the Company and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2011.

SUMMARY OF RESULTS

The audited consolidated results of the Group for the year ended 31 December 2011 and the comparative figures of the same period in 2010 are as follows:

CONSOLIDATED INCOME STATEMENT

	Notes	**2011** ***HK$'000***	2010 *HK$'000*
Turnover	3	**2,187,006**	1,879,745
Cost of sales		**(1,742,759)**	(1,473,428)
Gross profit		**444,247**	406,317
Other income	4	**62,153**	78,949
Gain on disposal of a subsidiary		**100,592**	—
Other gains and losses	4	**2,284**	39,071
Selling and distribution costs		**(51,610)**	(45,356)
Administrative expenses		**(258,230)**	(231,142)
Other expenses		**(22,043)**	(17,681)
Fair value changes of investment properties		**289,524**	189,995
Finance costs		**(1,104)**	(747)
Share of results of jointly controlled entities		**(1,766)**	58
Profit before taxation	5	**564,047**	419,464
Taxation	6	**(86,372)**	(75,335)
Profit for the year		**477,675**	344,129
Attributable to:			
Owners of the Company		**404,772**	292,478
Non-controlling interests		**72,903**	51,651
		477,675	344,129
Earnings per share - basic	7	**HK13.12 cents**	HK9.69 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 *HK$'000*	2010 *HK$'000*
Profit for the year	**477,675**	344,129
Other comprehensive income includes:		
Available-for-sale investments		
Fair value loss arising during the year	**(60,801)**	(20,972)
Reclassification adjustments for the cumulative gain included in profit or loss upon disposal	**(50,183)**	—
	(110,984)	(20,972)
Exchange differences arising on translating foreign operations		
Exchange gain arising during the year	**133,885**	111,503
Translation of jointly controlled entities	**2,882**	279
Reclassification adjustment for cumulative exchange differences included in profit or loss upon disposal or deregistration of foreign operations	**2,797**	2,921
	139,564	114,703
Property revaluation reserve		
Increase in fair value of land and building transferred to investment properties	**—**	9,004
Deferred tax liability arising on revaluation of properties	**—**	(1,893)
	—	7,111
Other comprehensive income for the year	**28,580**	100,842
Total comprehensive income for the year	**506,255**	444,971
Total comprehensive income attributable to:		
Owners of the Company	**406,235**	369,008
Non-controlling interests	**100,020**	75,963
	506,255	444,971

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER

	Notes	2011 HK$'000	2010 HK$'000
Non-current assets			
Property, plant and equipment		**858,161**	649,696
Prepaid lease payments		**76,568**	45,746
Investment properties		**2,144,333**	1,713,848
Goodwill		**51,001**	—
Intangible asset		**21,218**	—
Interests in associates		**12,346**	—
Interests in jointly controlled entities		**62,862**	61,746
Available-for-sale investments		**42,264**	173,040
Prepayment for land development		**1,943**	148,053
Land development expenditure		**642,175**	77,767
Deposit paid for construction cost of investment properties under construction		**70,067**	—
Deposit paid for acquisition of an intangible asset and property, plant and equipment		**11,714**	—
		3,994,652	2,869,896
Current assets			
Inventories		**232,144**	191,985
Trade and other receivables	9	**448,723**	403,025
Prepaid lease payments		**2,374**	1,733
Loans receivable		—	70,269
Financial assets at fair value through profit or loss		**62,911**	2,864
Taxation recoverable		**839**	1,514
Pledged bank deposits		**24,942**	43,529
Bank balances and cash		**1,151,015**	1,489,728
		1,922,948	2,204,647
Current liabilities			
Trade and other payables	10	**678,713**	691,727
Amount due to an associate		**1,050**	1,050
Taxation payable		**53,646**	61,916
Bank borrowings		**234,074**	—
Obligations under a finance lease		**65**	767
Other loan		**8,848**	8,482
		976,396	763,942
Net current assets		**946,552**	1,440,705
Total assets less current liabilities		**4,941,204**	4,310,601

	2011 HK$'000	2010 HK$'000
Non-current liabilities		
Bank borrowings	**46,913**	—
Deferred taxation	**274,433**	187,772
Obligations under a finance lease	—	65
	321,346	187,837
	4,619,858	4,122,764
Capital and reserves		
Share capital	**308,502**	308,502
Reserves	**3,617,415**	3,242,030
Equity attributable to owners of the Company	**3,925,917**	3,550,532
Non-controlling interests	**693,941**	572,232
	4,619,858	4,122,764

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

1. BASIS OF PREPARATION

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the following new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the HKICPA.

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (Revised)	Related party disclosures
Amendments to HKAS 32	Classification of rights issues
Amendments to HK(IFRIC) - INT 14	Prepayments of a minimum funding requirement
HK(IFRIC) - INT 19	Extinguishing financial liabilities with equity instruments

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKAS 24 Related party disclosures (Revised)

HKAS 24 (Revised) has been revised on the following two aspects: (a) HKAS 24 (Revised) has changed the definition of a related party and (b) HKAS 24 (Revised) introduces a partial exemption from the disclosure requirements for government-related entities.

The Company and its subsidiaries are government-related entities. In its annual consolidated financial statements for the year ended 31 December 2010, the Group had early applied the partial exemption from the disclosure requirements for government-related entities. In the current year, the Group has applied for the first time the revised definition of a related party as set out in HKAS 24 (Revised). However, the application of HKAS 24 (Revised) has had no impact on the Group's financial performance and positions nor the relevant disclosures for the current and prior years.

Amendments to HKFRS 3 Business combinations (as part of Improvements to HKFRSs issued in 2010)

As part of Improvements to HKFRSs issued in 2010, HKFRS 3 was amended to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non-controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards.

In addition, as part of "Improvements to HKFRSs" issued in 2010, HKFRS 3 was amended to provide more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share-based payment transactions of the acquiree that are not replaced should be measured in accordance with HKFRS 2 "Share-based payment" at the acquisition date.

Such amendments to HKFRS 3 have been applied in the current year and had no effect on the consolidated financial statements of the Group for the current year.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new or revised standards, amendments and interpretation that have been issued but are not yet effective.

Amendments to HKFRS 7	Disclosures - Transfers of financial assets[1]
Amendments to HKFRS 7	Disclosures - Offsetting financial assets and financial liabilities[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
HKFRS 9	Financial instruments[3]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
Amendments to HKAS 1	Presentation of items of other comprehensive income[5]
Amendments to HKAS 12	Deferred tax - Recovery of underlying assets[4]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[6]
HKAS 19 (Revised 2011)	Employee benefits[2]
HKAS 27 (Revised 2011)	Separate financial statements[2]
HKAS 28 (Revised 2011)	Investments in associates and joint ventures[2]
HK(IFRIC) - INT 20	Stripping costs in the production phase of a surface mine[2]

[1] Effective for annual periods beginning on or after 1 July 2011.
[2] Effective for annual periods beginning on or after 1 January 2013.
[3] Effective for annual periods beginning on or after 1 January 2015.
[4] Effective for annual periods beginning on or after 1 January 2012.
[5] Effective for annual periods beginning on or after 1 July 2012.
[6] Effective for annual periods beginning on or after 1 January 2014.

HKFRS 9 Financial instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Currently, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

Except for available-for-sale investments, the directors anticipate that the application of HKFRS 9 will not affect the classification and measurement of the Group's other financial assets and liabilities as at 31 December 2011. Regarding the Group's available-for-sale investments, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 13 Fair value measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of the new standard is not expected to affect the measurement and presentation of the Group's assets and liabilities reported in the consolidated financial statements but will result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of items of other comprehensive income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for the Group for annual period beginning on 1 January 2013. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments HKAS 12 Deferred tax - Recovery of underlying assets

The amendments to HKAS 12 "Deferred tax: Recovery of underlying assets" mainly deal with the measurement of deferred tax for investment properties that are measured using the fair value model in accordance with HKAS 40 "Investment property". Based on the amendments, for the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties measured using the fair value model, the carrying amounts of the investment properties are presumed to be recovered through sale, unless the presumption is rebutted in certain circumstances. The directors anticipate that the application of the amendments to HKAS 12 will have a significant impact on deferred tax recognised for investment properties mainly located in the PRC that are measured using the fair value model. If the presumption under the amendments is not rebutted, the deferred tax liability relating to the revaluation of investment properties will increase as the land appreciation tax rate of the PRC is higher than the tax rate currently used by the Group to calculate the deferred tax recognised for investment properties.

Other than those disclosed above, the directors anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the internal reports reviewed by the President, the chief operating decision maker of the Group, that are used to make strategic decisions. The management has identified 9 (2010: 7) operating segments: Hi-Tech Manufacturing Business (including plastic products, liquid crystal display, printed circuit boards, intelligent chargers and the related industrial property investment), New Material Business (including polyimide films manufacturing), Aerospace Service (including the Shenzhen Aerospace Science & Technology Plaza of property investment project, the Hainan Launching Site Complex Zone of land development project and Internet of Things) which represents the major industries in which the Group engaged.

The Group has two new segments including polyimide film manufacturing and Internet of Things. The operation of polyimide films manufacturing is introduced in current year upon acquisition of the subsidiary and polyimide films manufacturing are engaged in the development, manufacturing and marketing of polyimide and related composite materials. The operation of Internet of Things is established to engage in development and sale of software and related products of radio frequency identification, sensor technology and embedded software supporting platform technology.

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

For the year ended 31 December 2011

	Turnover			
	External sales	**Inter-segment sales**	**Total turnover**	**Segment results**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Hi-Tech Manufacturing Business				
Plastic products	**808,160**	**79,089**	**887,249**	**59,803**
Liquid crystal display	**306,003**	**—**	**306,003**	**12,391**
Printed circuit boards	**450,362**	**—**	**450,362**	**90,997**
Intelligent chargers	**586,720**	**—**	**586,720**	**39,286**
Industrial property investment	**12,826**	**13,862**	**26,688**	**14,351**
	2,164,071	**92,951**	**2,257,022**	**216,828**
New Material Business				
Polyimide films manufacturing	**20,843**	**—**	**20,843**	**(760)**
Aerospace Service				
Property investment in Shenzhen Aerospace Science & Technology Plaza	**—**	**—**	**—**	**248,679**
Land development in Hainan Launching Site Complex Zone	**—**	**—**	**—**	**(12,152)**
Internet of Things	**—**	**—**	**—**	**(7,978)**
	—	**—**	**—**	**228,549**
Reportable segment total	**2,184,914**	**92,951**	**2,277,865**	**444,617**
Elimination	**—**	**(92,951)**	**(92,951)**	**—**
Other Business	**2,092**	**—**	**2,092**	**17,536**
	2,187,006	**—**	**2,187,006**	**462,153**
Unallocated corporate income				**51,171**
Unallocated corporate expenses				**(77,627)**
				435,697
Gain on disposal of a subsidiary				**100,592**
Recovery of loans receivable				**29,010**
Reversal of impairment loss recognised in respect of loans receivable				**1,618**
Share of results of jointly controlled entities				**(1,766)**
Finance costs				**(1,104)**
Profit before taxation				**564,047**

For the year ended 31 December 2010

	Turnover External sales HK$'000	Turnover Inter-segment sales HK$'000	Turnover Total turnover HK$'000	Segment results HK$'000
Hi-Tech Manufacturing Business				
Plastic products	650,770	79,748	730,518	65,310
Liquid crystal display	343,391	—	343,391	11,717
Printed circuit boards	395,616	—	395,616	95,116
Intelligent chargers	476,919	—	476,919	35,348
Industrial property investment	11,825	13,074	24,899	8,340
	1,878,521	92,822	1,971,343	215,831
Aerospace Service				
Property investment in Shenzhen Aerospace Science & Technology Plaza	—	—	—	177,080
Land development in Hainan Launching Site Complex Zone	—	—	—	(14,800)
	—	—	—	162,280
Reportable segment total	1,878,521	92,822	1,971,343	378,111
Elimination	—	(92,822)	(92,822)	—
Other Business	1,224	—	1,224	(2,170)
	1,879,745	—	1,879,745	375,941
Unallocated corporate income				66,750
Unallocated corporate expenses				(46,957)
				395,734
Reversal of impairment loss recognised in respect of loans receivable				24,419
Share of results of jointly controlled entities				58
Finance costs				(747)
Profit before taxation				419,464

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the profit/loss earned/incurred by each segment without allocation of interest income, change in fair value of financial assets at fair value through profit or loss, reversal of impairment loss recognised on loans receivable, share of results of jointly controlled entities, interest expenses and other corporate income and corporate expenses. This is the measure reported to the President for the purpose of resource allocation and performance assessment.

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

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2011 HK$'000	2010 HK$'000
The Group's other income mainly comprises:		
Recovery of loans receivable (note a)	**29,010**	—
Bank interest income	**16,308**	11,082
Waiver of debts (note b)	**—**	31,063
The Group's other gains and losses comprise:		
Reversal of impairment loss recognised in respect of loans receivable (note a)	**1,618**	24,419
Net exchange gain	**6,804**	11,186
(Allowance for) reversal of allowance for doubtful trade debts	**(638)**	8,256
Loss on deregistration of a subsidiary	**—**	(2,921)
Gain (loss) on disposal of property, plant and equipment	**56**	(1,421)
Net loss from change in fair value of financial assets at fair value through profit or loss	**(5,556)**	(448)

Notes:

a. During the year, the Group recovered an amount of HK$117,657,000 from a borrower pursuant to a settlement deed entered into between a Company's subsidiary and the borrower on 14 September 2007 in respect of the Group's interest bearing loans receivables. The excess of HK$30,628,000, representing the amount recovered over the carrying amount of the loan receivable of HK$70,269,000 net of the transaction costs incurred relating to the debt collections, is recognised in profit or loss in the current year whereby amounts of HK$1,618,000 and HK$29,010,000 are recorded as reversal of impairment loss recognised in respect of loans receivable and recovery of loans receivable respectively. The recovery of loans receivable is mainly related to the additional amount recovered upon settlement net of transaction costs.

b. Being derecognition of financial liabilities upon the fulfilment of repayment terms specified in a debt restructuring deed entered into with a bank in prior years.

5. PROFIT BEFORE TAXATION

	2011 HK$'000	2010 HK$'000
Profit before taxation has been arrived at after charging (crediting):		
Depreciation on		
- owned assets	**71,302**	62,806
- assets held under a finance lease	**250**	250
Amortisation of prepaid lease payments	**1,952**	1,081
Amortisation of intangible asset (included in cost of sales)	**971**	—
Auditors' remuneration		
- current year	**4,192**	3,999
- (over)underprovision in prior year	**(25)**	47
Minimum lease payments under operating leases in respect of land and buildings	**10,905**	8,230
Research and development expenses (included in other expenses)	**21,309**	17,681
Staff costs, including directors' remuneration	**366,981**	314,578
Reversal of allowance for obsolete inventories (note)	**(1,241)**	(4,753)
Cost of inventories charged to profit or loss	**1,744,000**	1,476,906
Gross rental income	**(14,918)**	(13,049)
Less: Direct operating expenses from investment properties that generated rental income during the year	**2,156**	1,275
	(12,762)	(11,774)

Note: Cost of sales includes reversal of allowance for obsolete inventories of HK$1,241,000 (2010: HK$4,753,000) which were used in the production of finished goods sold in the current year.

6. TAXATION

The tax charge for the year comprises:

	2011	2010
	HK$'000	*HK$'000*
Current tax:		
Hong Kong Profits Tax	**14,111**	15,032
PRC Enterprise Income Tax	**9,372**	13,436
	23,483	28,468
(Over)underprovision in prior years:		
Hong Kong Profits Tax	**107**	254
PRC Enterprise Income Tax	**(5,513)**	—
	(5,406)	254
Deferred tax		
Current year	**68,295**	46,613
	86,372	75,335

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. For certain of the Company's subsidiaries situated in Shenzhen Special Economic Zone of the PRC, they were subject to a corporate income tax at a rate of 24% (2010: 22%) on its assessable profits arising in the PRC for the year, though the tax rate will gradually increase to 25% by 2012.

Overprovision in previous years mainly included tax refund from tax bureau to certain subsidiaries of the Company in the PRC for successfully claiming during the current year as High and New Technology Enterprise status since 2010. The income tax rate of these subsidiaries is thus reduced to 15%.

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

7. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to the owners of the Company for the year is based on the profit for the year attributable to owners of the Company of HK$404,772,000 (2010: HK$292,478,000) and on 3,085,022,000 shares in issue (2010: 3,017,412,000 weighted average number of shares in issue) during the year.

8. DIVIDENDS

	2011	2010
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2010 final, paid - HK1 cent (2010: 2009 final dividend of HK2 cents) per share	**30,850**	61,700

A final dividend of HK1 cent per share in respect of the year ended 31 December 2011 (2010: HK1 cent) has been proposed by the directors and is subject to approval by the shareholders in the annual general meeting.

9. TRADE AND OTHER RECEIVABLES

	2011	2010
	HK$'000	*HK$'000*
Trade receivables	**420,616**	381,377
Less: Allowance for doubtful debts	**(24,776)**	(24,242)
	395,840	357,135
Other receivables, deposits and prepayments	**52,883**	45,890
	448,723	403,025

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

	2011	2010
	HK$'000	*HK$'000*
Within 90 days	**368,256**	339,791
Between 91 - 180 days	**27,584**	17,344
	395,840	357,135

Included in trade receivables is amount due from a non-controlling shareholder of a subsidiary of HK$9,827,000 (2010: nil) with a credit period of 90 days and the amount was past due at 31 December 2011.

The Group allows an average credit period of 90 days to its trade customers. Receivables are unsecured and interest-free. Before accepting any new customer, the Group will internally assess the credit quality of the potential customer and defines appropriate credit limits.

10. TRADE AND OTHER PAYABLES

	2011	2010
	HK$'000	*HK$'000*
Trade payables	**221,287**	264,729
Accrued charges	**102,084**	98,082
Other payables	**355,342**	328,916
	678,713	691,727

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

	2011	2010
	HK$'000	*HK$'000*
Within 90 days	**207,316**	248,877
Between 91 - 180 days	**2,755**	3,519
Between 181 - 365 days	**681**	849
Over 1 year	**10,535**	11,484
	221,287	264,729

CHAIRMAN'S STATEMENT

RESULTS

For the year ended 31 December 2011, the Company and its subsidiaries reported a turnover of HK$2,187,006,000 (2010: HK$1,879,745,000), representing an increase of approximately 16.35% over last year. The profit attributable to shareholders was HK$404,772,000 (2010: HK$292,478,000), representing an increase of approximately 38.39%.

Despite the impact of the adverse effects caused by the European as well as American sovereign debt crises, the earthquake and tsunami calamities in Japan, the flood disaster in Thailand and the persistent high inflation, the sales income of the hi-tech manufacturing business of the Company had achieved a considerable growth when compared with last year. On the other hand, the benefit from the investment property under construction, the project of Shenzhen Aerospace Science & Technology Plaza, which continued to state at fair value, the disposal of non-core asset, and the recovery of a loan receivable had contributed profits to the Company. On the whole, the sales income of the Company had maintained a steady growth while a higher level of profit was achieved when comparing to that of last year. The Board of Directors has proposed the distribution of final dividend of HK1 cent per share for the shareholders in return.

BUSINESS REVIEW

According to the medium-term development plan, the Company will strive to become an overseas capital operation platform with leading edges for China Aerospace Science & Technology Corporation ("CASC"). The Company is actively carrying out various key businesses according to the plan, so as to ensure the persistent steady growth of the hi-tech manufacturing, and the gradual and orderly progress of the construction works of the two hi-tech property projects, namely, the Shenzhen Aerospace Science & Technology Plaza and the Complex Zone of the Launching Site in Hainan Province. In addition, through the acquisition of a polymide new material business and the establishment of a company for internet of things, the Company had made a significant initial move in terms of developing new businesses which are related to the strategic emerging industries under China's "Twelfth Five-Year Plan".

Hi-Tech Manufacturing

In 2011, the hi-tech manufacturing business of the Company had overcome the adverse factors including the soaring cost, the shortage of manpower resources and the appreciation of Renminbi. Pivoted on the timely technology advancement, the reinforcement of management and the enhancement of market development, the hi-tech manufacturing business had reached its record high in terms of both revenue and earnings, with a turnover of HK$2,164,071,000 (2010: HK$1,878,521,000), representing an increase of 15.20% over last year. The profit amounted to HK$216,828,000 (2010: HK$215,831,000), representing a slight growth when compared with last year.

During the year, the technology advancement of the hi-tech manufacturing business mainly focused on expanding productivity and upgrading environmental protection facilities. In order to promote meticulous management, the hi-tech manufacturing had implemented various effective measures to improve production workflow, recycle and re-use of waste and old materials, impose tight control on material costs, upgrade the product quality, control the inventory and accounts receivable, and so on. In market development, the hi-tech manufacturing had adopted the strategies of increasing sales contributed by existing clients, developing new clients, exploring new products and new markets, and obtained a satisfactory result.

The Complex Zone of the Launching Site in Hainan Province

In 2011, the project implementation of the Complex Zone of the Launching Site in Hainan mainly involved expropriation of lands and establishment of resettlement zones. Currently, the compensation agreement on land expropriation had been signed with the local residents of over 80% of the land use area of the project. The master plan and the implementation plan of the construction works of the resettlement zones had been completed, with the temporary permit granted for the planning of the construction works in the resettlement zones. As for the Hainan Space Park, the initial design of the construction concept had been completed. On the other hand, according to the negotiation with the organizer of the Space Home Pavilion of the Shanghai World Expo, the permanent home for the Space Home Pavilion will be located in the Complex Zone of the Launching Site in Hainan Province. The design scheme for the relocation of the Space Home Pavilion had been completed.

Shenzhen Aerospace Science & Technology Plaza

In early 2011, Aerospace Science & Technology Finance Company Limited* ("航天科技財務有限責任公司"), a subsidiary of CASC, formed a syndicate with the Bank of China and the Industrial and Commercial Bank of China in respect of the provision of a loan facility amounting to RMB1,500,000,000 to finance the construction of Shenzhen Aerospace Science & Technology Plaza. Amid the economic tightening environment, the syndicated loan has timely provided a proper financing arrangement for the project of Shenzhen Aerospace Science & Technology Plaza.

During the year, the adjusted design of the construction drawing for the project of Shenzhen Aerospace Science & Technology Plaza was completed. The construction permit for piling works and the planning permit for construction works were obtained as well. In August 2011, the construction progress was affected to a certain extent by the holding of the 26^{th} Universiade Shenzhen in Shenzhen. At present, the progress of the piling works of the project had been expedited. In order to comply with the marketing work after completion of the project in future, a professional advisory team had been employed to conduct in-depth study with respect to the market position and preliminary market development of the project.

New Materials

Leveraging on China robustly promoting the seven strategic industries as part of its Twelfth Five-Year Plan and CASC striving for opportunities to further drive the aerospace technology applications business, the Company has initiated prudent maneuvers with regard to its business development. During the year, the Company completed the acquisition of a 55% stake in Shenzhen Rayitek Hi-tech Film Company Limited* (深圳瑞華泰薄膜科技有限公司) ("Shenzhen Rayitek") as the first step in expanding into the promising polymer new material business.

Shenzhen Rayitek is a high-tech company specializes in research, manufacture and market polyimide films and related composite materials. Since its establishment in 2004, Shenzhen Rayitek has been committed to the research and development of polyimide new materials. Polyimide, being a special industrial material attributable to its excellent performance in terms of integrated extreme-heat-resistance and insulation resistance, has already been widely adopted in different areas such as aviation, aerospace, microelectronics, nanotechnology, liquid crystal display technology, separator material technology, and laser technology.

The polyimide film products of Shenzhen Rayitek are used as the insulating materials of high-end power and electrical equipment, the substrates of flexible printed circuit (FPC), tape automated bonding (TAB) and pressure-sensitive tape (PST), which are mainly applied in fields ranging from aviation, aerospace, microelectronic devices, electrical equipment, as well as information technology industry. In 2011, the production line of Shenzhen Rayitek had been put in operations and Shenzhen Rayitek's production technology was honored as the "State's High-tech Industrial Demonstrative Project" by the China National Development and Reform Commission.

Internet of Things

In May 2011, the Company, by means of strategic cooperation with the international experts of internet of things, set up Digilink Systems Limited in Hong Kong, which in turn established Aerospace Digitnexus Information Technology (Shenzhen) Limited* (航天數聯信息技術（深圳）有限公司) ("Aerospace Digitnexus") and that becomes the foundation of the Company in developing the business of internet of things. The major development of the relevant business is to develop the internet of things software platform, with the plan to provide large-scale enterprises and government departments with one-stop solution for internet of things in the fields of intelligent traffic, logistics and transportation, traffic safety control, and natural disasters monitoring.

Others

In March 2011, the Company disposed its entire interest in CASIL Satellite Holdings Limited with the aims to optimize its assets, improve its asset structure and overall financial position, and promote the development of its main businesses. The transaction generated a gain of approximately HK$100,592,000 for the Company.

In line with its future development plans, the Company has retained a professional human resources consulting company to conduct a research and analysis of the organizational structure of the Company, as well as the continued development and configuration of human resources, and to put forward recommendations for optimization. The Company had set up several new departments during the year, including Corporate Development Department, Asset Management Department, and Corporate Finance Department. The Company is of the view that the change of the organizational structure will effectively enhance the capability of the Company in formulating and management of strategies, asset management, monitoring investment projects, and financing management as well as investor relations. In addition, the Company had appointed a consultant to provide professional opinions regarding the establishment of the risk monitoring system, so as to reinforce its risk management.

PROSPECT

The US economy is unlikely to recover in the near future, the economy in Japan has shrunken after the earthquake and the European sovereign debt crises are still waiting to be resolved. As the economy of these three major markets remains weak from fatigue, the global economy is expected to progress slowly. It is inevitable to have adverse impact on the Company's hi-tech manufacturing which is mainly export oriented. The businesses of the Company have been operated in difficult positions. It is expected that the hi-tech manufacturing will be affected by the adverse factors such as the rising production cost, the appreciation of Renminbi and the fluctuation in the foreign and local markets. The hi-tech manufacturing will continue to strengthen its management, cost and risk control, reinforce its technology advancement and enhance its foreign and local market development, while seeking to ensure a stable business and strive for new development.

In 2012, in light of the demand from the clients and the upgrade of new equipment, the businesses of plastic products and batteries are expected to have a steady development. The business of printed circuit boards will continue to focus on specialized and unique markets by making use of the technical strengths in high precision circuit boards, various kinds of gold-plated layers boards, soft-hard combined boards and embedded PCB for developing hi-tech and high value-added products. It is anticipated that the PCB business will have a steady growth. As to the business of intelligent chargers, it is expected that the new development and growth of lithium battery chargers, wireless charges and high power distributors will nullify the drop of the business of the chargers for nickel-metal hydride batteries. The LCD business will continue to focus in profit generation, with gradual adjustment and optimization of the clientele structure, while it will take the initiative to look for new market opportunities.

The projects of the Complex Zone of the Launching Site in Hainan Province and Shenzhen Aerospace Science & Technology Plaza will be implemented as scheduled. The project of Complex Zone of the Launching Site in Hainan Province will stress on introducing strategic partners for joint development. Meanwhile, the Company will endeavor to complete the expropriation of the remaining lands for the project and commence the main construction of the resettlement zone. As for the Hainan Space Park, it is expected to obtain the administration permit for the project construction and complete the optimized design scheme of the theme park accordingly.

The project of Shenzhen Aerospace Science & Technology Plaza is planned to complete the relevant tender-invitation process in accordance with the progress of the works. At the same time, the project will move forward major implementation including construction and test of piling works, construction of the basement, earthwork backfilling, and construction of the main building on ground level. Proper cost control is made in line with the progress of the works as well. Moreover, the Company has coordinated, supervised and carried out the progress and quality control effectively for various works.

Because of inflation and the adjustment of policies in China, the businesses of hi-tech property may encounter greater pressure in terms of cost control and raising funds in short term. The Company will keep close watch on the fluctuation in cost prices and control strictly the short-term risks brought about by the relevant policies. However, it is believed that the Company will enjoy healthy development in the long run in respect of the hi-tech property projects which are mainly providing accommodation services for the two industrial bases in Shenzhen and Hainan.

As for the business of new materials, the annual production capacity of the high-performance polyimide films of Shenzhen Rayitek is heading for the target of about 350 tonnes step by step, with actual productivity subject to different product specifications. It is expected that Shenzhen Rayitek will seek to launch the new generation of polyimide films for the high-end flexible electronic substrates, and complete the research and development of the several polyimide films with special functions, and will also establish the next stage of business development. With the support of CASC, the Company has made the first move towards the goal of developing new organic polymer materials through the acquisition of Shenzhen Rayitek. It is believed that the relevant acquisition will generate synergistic benefits for the business of hi-tech manufacturing of the Company.

The business of internet of things has completed the establishment of its working team. The software platform is expected to be developed and launched as scheduled. In light of the market development, the business of internet of things will focus on intelligent traffic, logistics and transportation, traffic safety control and natural disasters monitoring. It aims to become the solution provider of internet of things for large-scale enterprises and government departments. Meanwhile, the business of internet of things will take the initiative to seek opportunities in other industries such as its application in warehousing and logistics, and seek to take part in the construction of the electronic platform for different levels of government affairs.

MANAGEMENT DISCUSSION AND ANALYSIS

Results performance

The audited turnover of the Company and the subsidiaries for the year ended 31 December 2011 was HK$2,187,006,000, representing an increase of approximately 16.35% as compared with that of HK$1,879,745,000 for 2010. The profit for the year was HK$477,675,000, representing an increase of 38.81% as compared with that of HK$344,129,000 for 2010.

Profit attributable to shareholders of the Company and operating profit

Profit attributable to shareholders of the Company was HK$404,772,000, representing an increase of 38.39% as compared with that of HK$292,478,000 for 2010. The increase in profit was mainly due to the increase in the gain in the fair value of investment properties, the disposal of a non-core asset and the recovery of a loan receivable.

Based on the issued share capital of 3,085,022,000 shares during the year, the basic earnings per share was HK$0.1312, representing an increase of 35.40% as compared with that of HK$0.0969 for 2010, based on the weighted average issued share capital of 3,017,412,000 shares after being adjusted for the effect of placing of 514,118,000 shares in February 2010. The Board of Directors proposed the dividend of HK$0.01 per share (2010: HK$0.01 per share) for the year.

Results of core businesses

Core businesses of the Company and its subsidiaries are hi-tech manufacturing and aerospace services. The turnover of the hi-tech manufacturing of the Company is the main source of the Company's turnover and contributes a significant profit and cashflow to the Company. This has enabled the Company to fulfill gradual development of the business of aerospace services and other new businesses in good order in recent years and shift to the strategic emerging industry, representing by hi-tech property, new material and internet of things, so as to achieve the Company's new development target and minimize single business risks.

Hi-tech manufacturing

The turnover of the hi-tech manufacturing in 2011 was HK$2,164,071,000, representing an increase of 15.20% as compared with last year; the operating profit was HK$216,828,000, representing an increase of 0.46% as compared with last year.

The results of the hi-tech manufacturing are shown below:

	Turnover (HK$'000)		Changes	**Results (HK$'000)**		Changes
	2011	2010	(%)	**2011**	2010	(%)
Plastic Products	**808,160**	650,770	24.19	**59,803**	65,310	(8.43)
Printed Circuit Boards	**450,362**	395,616	13.84	**90,997**	95,116	(4.33)
Intelligent Chargers	**586,720**	476,919	23.02	**39,286**	35,348	11.14
Liquid Crystal Display	**306,003**	343,391	(10.89)	**12,391**	11,717	5.75
Industrial Property Investment	**12,826**	11,825	8.47	**14,351**	8,340	72.07
Total	**2,164,071**	1,878,521	15.20	**216,828**	215,831	0.46

In 2011, upon the reinforcement of the relationship with major customers and the high growth in of battery products, the business of plastic products obtained a comparative ideal growth. The printed circuit boards business increased gradually in its products in its soft board and soft and hard board and that of value added in its products, and it has formed certain patent and intelligent properties through research and development of new techniques and new technical skills. Lithium battery charger becomes the growth momentum of the intelligent chargers business after years of cultivation. The liquid crystal display adjusted its customer structure and focuses to lower its business risks while developing the business.

Business of Aerospace services

The Complex Zone of the Launching Site in Hainan Province

In 2011, Hainan Aerospace Investment Management Company Limited* (海南航天投資管理有限公司) ("Hainan Aerospace") had completed most of the land expropriation, the preliminary preparation for the construction of resettlement zone, as well as the takeover, dismantlement and relocation of Space Home Pavilion. At present, the comprehensive development of the Complex Zone of the Launching Site in Hainan Province is in the stage of land expropriation and resettlement. Hainan Aerospace recorded a loss of HK$12,152,000 in 2011, which was mainly due to the payment of the cost of preparatory work, administrative expenses and professional fees, and exchange loss, etc.

Shenzhen Aerospace Science & Technology Plaza

Shenzhen Aerospace Science & Technology Plaza, an investment property under construction, measured at fair market value in accordance with the Hong Kong Accounting Standards, recorded a fair value gain of HK$256,257,000 in 2011. As of 31 December 2011, the property under construction and land use right of Shenzhen Aerospace Science & Technology Plaza was estimated at approximately RMB1,472,000,000.

In January 2011, Shenzhen Aerospace Technology Investment Company Limited* (深圳市航天高科投资管理有限公司) ("Shenzhen Aerospace") entered into a main contractor contract and a syndicated loan agreement of RMB1,500,000,000 for a period of 5 years. In 2011, the comprehensive construction project of Shenzhen Aerospace Science & Technology Plaza was launched and piling works had been commenced. Since the Universiade Shenzhen was held in Shenzhen, the construction works of Shenzhen Aerospace Science & Technology Plaza had come to a stop tentatively and slightly behind the schedule.

Establishment of New businesses

Pursuant to the Company's business development plan, the Company has established two new businesses in 2011, namely, new materials and internet of things.

New Materials

The Company, through its subsidiary CASIL New Century Technology Development (Shenzhen) Company Limited* (航科新世紀科技發展（深圳）有限公司) ("New Century"), acquired a 55% equity in Shenzhen Rayitek Hi-tech Film Company Limited* (深圳瑞華泰薄膜科技有限公司) ("Shenzhen Rayitek") in July 2011, as a starting point to enable the Company to develop polyimide films to enter the new polymer related businesses and as the platform to enter the industry of new materials. For details, please refer to the announcements of the Company published on 11 and 14 July 2011.

In 2011, Shenzhen Rayitek had been granted the certification of ISO9001 Quality Management System, ISO14000 Environment Management System and ISO18000 Health Management System. The safety material certification by Underwriters Laboratories Inc. in the United States of America and the test by European Union RoHS environmental protection material had been passed as well. Four months after completing the acquisition on 31 August 2011, the turnover of Shenzhen Rayitek was HK$20,843,000 and a loss of HK$760,000 was recorded.

Internet of Things

The Company has set up a company focusing on internet of things, namely, Aerospace Digitnexus Information Technology (Shenzhen) Limited* (航天數聯信息技術（深圳）有限公司) ("Aerospace Digitnexus") in Shenzhen in the first half of 2011, mainly engaging in the research and development of radio frequency identification (RFID), sensor technology, embedded software supporting platform technology, intelligent terminal technology for computer network and short data link satellite technology, system integration of internet of things comprising sensor, RFID, computer software and hardware, satellite application systems and other electronic products, and sales of self-developed software and products. Aerospace Digitnexus will concentrate on the field of system integration of internet of things and provide comprehensive and systematic solutions to meet customers' demands.

In 2011, Aerospace Digitnexus recorded a loss of HK$7,978,000, mainly due to the payment for the cost of preliminary preparation, administrative and professional fees etc. In the second half of 2011, Aerospace Digitnexus secured substantial progress in the development of software. The research and development of the platform software has been in progress as scheduled. The software design and part of the module development, as well as the test for network access had been completed. The certification for ISO9001 Quality Management System had been obtained as well.

Assets

As at 31 December 2011, the audited total assets of the Company and the subsidiaries were HK$5,917,600,000, of which the non-current assets were HK$3,994,652,000, representing an increase of 39.19% as compared with that of HK$2,869,896,000 as at 31 December 2010. The current assets were HK$1,922,948,000, representing a decrease of 12.78% as compared with that of HK$2,204,647,000 as at 31 December 2010. The significant increase in non-current assets was mainly due to an increase in the fair value of the investment properties, the increase in the cost for land development of the Hainan project. The significant decrease in current assets was mainly due to an increase in the Hainan project leading to a decrease in liquidity. The equity attributable to shareholders of the Company was HK$3,925,917,000, representing an increase of 10.57% as compared with that of HK$3,550,532,000 as at 31 December 2010. Based on the issued share capital of 3,085,022,000 shares in the period, the net assets per share attributable to shareholders of the Company was HK$1.27.

As at 31 December 2011, a cash deposit of approximately HK$24,942,000 has been pledged to banks to obtain credit lines of facilities, and Shenzhen Aerospace has obtained a syndicated loan by securing the land use right at value of RMB1,472,000,000 to a syndicate comprising banks and a financial institution.

To optimize the assets of the Company, improve asset structure and overall financial position, and facilitate the development of each core business, the Company disposed of its entire equity in a subsidiary, CASIL Satellite Holdings Limited ("CASIL Satellite"), to its connected party China Great Wall Industry (Hong Kong) Corp. Limited at a consideration of HK$132,300,000 in March 2011. The main assets of CASIL Satellite are its equity in APT Satellite Holdings Limited (stock code: 1045). The disposal was completed in September 2011. Upon completion of the disposal, CASIL Satellite ceased to be a subsidiary of the Company. For details, please refer to the announcements of the Company published on 28 and 29 March 2011 respectively.

Liabilities

As at 31 December 2011, the total liabilities of the Company and the subsidiaries were HK$1,297,742,000 of which the non-current liabilities were HK$321,346,000, representing an increase of 71.08% as compared with that of HK$187,837,000 as at 31 December 2010, the current liabilities were HK$976,396,000, representing an increase of 27.81% as compared with that of HK$763,942,000 as at 31 December 2010. As at 31 December 2011, the Company and the subsidiaries had a bank loan of HK$280,987,000.

Shenzhen Aerospace, a subsidiary of the Company, entered into a syndicated loan contract in January 2011 for RMB1,500,000,000 with a syndicate of financial institutions to pay the construction costs of the Shenzhen Aerospace Science & Technology Plaza. With the comprehensive commencement of the construction works, the construction costs will increase significantly. Shenzhen Aerospace will then drawdown the loan to pay the construction costs. Therefore, starting from 2012, the relevant bank debt will be gradually increased. On 31 December 2011, Shenzhen Aerospace has drawn down a loan of RMB20,000,000.

Operating expenses

The administrative expenses of the Company and the subsidiaries in 2011 were HK$258,230,000, representing an increase of 11.72% as compared with last year, mainly due to the increase in human resources expenses. The financial costs amounted to HK$7,496,000, of which HK$6,392,000 had been capitalized and recorded as the land development cost of the Hainan Project.

Contingent liabilities

As at 31 December 2011, the Company and the subsidiaries did not have any other material contingent liabilities.

Financial Ratios

	2011	2010
Gross Profit Margin	**20.31%**	21.62%
Return on Net Assets	**10.34%**	8.35%
Assets- Liabilities Ratio	**21.93%**	18.76%
Current Ratio	**1.97**	2.89
Quick Ratio	**1.73**	2.63

The existing financial ratios of the Company and the subsidiaries were in satisfactory level. This was resulted from the Company and the subsidiaries' policies of continuous assets optimization, strengthened management and business development in recent years.

Liquidity

The source of funds of the Company and the subsidiaries mainly relies on internal resources and banking facilities. The free cash and bank balance as at 31 December 2011 amounted to HK$1,151,015,000, the majority of which were in Hong Kong Dollars and Renminbi.

The Company issued a total of 514,118,000 new shares to raise capital in February 2010, the net proceeds of which amounted to HK$560,000,000. The entire proceeds had been used for the intended purposes and the working capital.

Capital Expenditure and Investment Commitment

As at 31 December 2011, the capital commitments of the Company and the relevant subsidiaries contracted for but not provided in the consolidated financial statements was HK$1,138,840,000, mainly for the capital expenditure of the construction of Shenzhen Aerospace Science & Technology Plaza. With the comprehensive commencement of the construction of Shenzhen Aerospace Science & Technology Plaza in 2011, Shenzhen Aerospace will draw down the syndicated loan by stages to settle related construction costs.

The participation in the land development project of the Complex Zone of the Launching Site in Hainan Province by the Company and its relevant subsidiaries have involved a commitment of RMB1,200,000,000, and as at 31 December 2011, RMB525,410,000 had been incurred or paid. The Company will invest in Hainan Aerospace by stages, while Hainan Aerospace will be responsible for implementing the land development project.

Financial Risks

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

Human Resources and Remuneration Policies

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

The emoluments of the Directors are reviewed by the Remuneration Committee, with regard to the operating results of the Company, the individual performance and the comparable market information.

As at 31 December 2011, the Company and the subsidiaries have a total of approximately 6,390 employees based in the Mainland China and Hong Kong respectively.

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

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

CORPORATE GOVERNANCE

During 2011, the Company had complied with the provisions of the Code on Corporate Governance Practices of Appendix 14 of the Listing Rules.

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 of the Listing Rules, as the required standard for the Directors of the Company to trade the securities of the Company. Hence, the Company enquired all the Directors individually whether they had complied with Appendix 10 while trading the securities of the Company during 2011, and all the Directors replied that they had complied with the requirements of Appendix 10 during the year.

AUDIT COMMITTEE

In 2011, the Audit Committee of the Company has a membership comprising two Independent Non-Executive Directors, Mr Chow Chan Lum, Charles (Chairman) and Mr Luo Zhenbang and a Non-Executive Director, Mr Zhou Qingquan. The Audit Committee of the Company reviewed, discussed and approved this 2011 financial statements that had been audited by the auditor, Deloitte Touche Tohmatsu.

REMUNERATION COMMITTEE

In 2011, the Remuneration Committee of the Company has a membership comprising three independent Non-Executive Directors, Mr Chow Chan Lum, Charles, Mr Luo Zhenbang and Mr Wang Junyan and two Non-Executive Directors, Dr Chan Ching Har, Eliza (Chairman) and Mr Chen Xuechuan. The functions of the Remuneration Committee are to study and recommend on the remuneration policy and to determine the remuneration of Directors and senior management.

DIVIDEND

The Board has recommended a final dividend of HK1 cent per share for the year ended 31 December 2011 (2010: HK1 cent) payable to the shareholders of the Company ("Shareholders") whose names appear on the Register of Members of the Company on Monday, 18 June 2012.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Friday, 8 June 2012. Notice of which will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in such manner as required under the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

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

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

Latest time for lodging transfers of shares and related documents for registration	:	4:30 p.m. on Tuesday, 5 June 2012
Closure of Register of Members	:	From Wednesday, 6 June 2012 to Friday, 8 June 2012 (both days inclusive)
Record Date	:	Friday, 8 June 2012

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

Latest time for lodging transfers of shares and related documents for registration	:	4:30 p.m. on Wednesday, 13 June 2012
Closure of Register of Members	:	From Thursday, 14 June 2012 to Monday, 18 June 2012 (both days inclusive)
Record Date	:	Monday, 18 June 2012

The Register of Members of the Company will be closed at the abovementioned periods. To ensure Shareholders the right to attend and vote at the Annual General Meeting and to qualify for the distribution of final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong for registration. Subject to approval by the Shareholders at the Annual General Meeting, dividend warrants are expected to be despatched to Shareholders by post on or around Thursday, 12 July 2012.

APPRECIATION

The Company hereby expresses its sincere gratitude to its shareholders, banks, business partners, people from various social communities, as well as all staff of the Company for their long-time support.

By order of the Board
Li Hongjun
Executive Director & President

Hong Kong, 26 March 2012

At the time of approving this Announcement, the Board of Directors of the Company comprises:

Executive Directors	**Non-Executive Directors**	**Independent Non-Executive Directors**
Mr Li Hongjun *(President)*	Mr Wu Yanhua *(Chairman)*	Mr Chow Chan Lum, Charles
Mr Jin Xuesheng	Mr Wu Zhuo *(Vice Chairman)*	Mr Luo Zhenbang
	Mr Chen Xuechuan	Mr Wang Junyan
	Mr Shi Weiguo	
	Dr Chan Ching Har, Eliza	
	Mr Zhou Qingquan	

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