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

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

ANNOUNCEMENT OF ANNUAL RESULTS 2013

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 2013.

SUMMARY OF RESULTS

The audited consolidated results of the Group for the year ended 31 December 2013 and the comparative figures of the same period in 2012 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2013

	NOTES	**2013** *HK$'000*	2012 *HK$'000*
CONTINUING OPERATIONS			
Turnover	3	**2,611,138**	2,615,101
Cost of sales		**(2,063,221)**	(2,101,111)
Gross profit		**547,917**	513,990
Other income	4	**59,050**	38,936
Gain on disposal of available-for-sale investments		**120,918**	–
Other gains and losses	4	**(11,324)**	(25,951)
Selling and distribution expenses		**(41,890)**	(48,481)
Administrative expenses		**(312,932)**	(291,035)
Other expenses		**(25,363)**	(21,501)
Fair value changes of investment properties		**539,812**	256,230
Finance costs		**(31,177)**	(6,026)
Share of results of associates		**1,465**	402
Share of results of joint ventures		**268**	1,532
Profit before taxation	5	**846,744**	418,096
Taxation	6	**(214,761)**	(113,962)
Profit for the year from continuing operations		**631,983**	304,134

	NOTE	**2013** **HK$'000**	2012 HK$'000
DISCONTINUED OPERATIONS			
Profit (loss) for the year from discontinued operations		**110,985**	(6,123)
Profit for the year		**742,968**	298,011
Profit (loss) attributable to owners of the Company:			
From continuing operations		**506,026**	252,848
From discontinued operations		**110,985**	(6,123)
Profit for the year attributable to owners of the Company		**617,011**	246,725
Profit attributable to non-controlling interests:			
From continuing operations		**125,957**	51,286
From discontinued operations		**–**	–
Profit for the year attributable to non-controlling interests		**125,957**	51,286
Earnings per share	7		
From continuing and discontinued operations - basic		**HK20.00 cents**	HK8.00 cents
From continuing operations - basic		**HK16.40 cents**	HK8.20 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 *HK$'000*	2012 *HK$'000*
Profit for the year	**742,968**	298,011
Other comprehensive income includes:		
Items that may be reclassified subsequently to profit or loss:		
Fair value gain on available-for-sale investments	**82,530**	15,876
Reclassification adjustment upon disposal of available-for-sale investments	**(120,918)**	–
Exchange differences arising on translating foreign operations	**82,526**	28,931
Share of exchange reserves of joint ventures	**21,130**	(503)
Reclassification adjustments for the cumulative exchange differences upon deregistration of foreign operations	**(1,688)**	–
Reclassification adjustments for the cumulative exchange differences upon deemed disposal of foreign operations	**(49,663)**	–
Other comprehensive income for the year	**13,917**	44,304
Total comprehensive income for the year	**756,885**	342,315
Total comprehensive income attributable to:		
Owners of the Company	**608,762**	285,280
Non-controlling interests	**148,123**	57,035
	756,885	342,315

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2013

	NOTES	**2013** **HK$'000**	2012 HK$'000
Non-current assets			
Property, plant and equipment		**877,984**	903,618
Prepaid lease payments		**144,602**	74,970
Investment properties		**3,746,162**	2,629,529
Goodwill		**13,232**	12,241
Intangible assets		**67,578**	74,254
Interests in associates		**14,702**	12,845
Interests in joint ventures		**846,583**	63,891
Available-for-sale investments		**29,000**	58,140
Land development expenditure		—	665,551
Deposit paid for investment properties under construction		**64,624**	94,597
Deposit paid for intangible assets and property, plant and equipment		**37,668**	10,776
		5,842,135	4,600,412
Current assets			
Inventories		**253,257**	243,716
Trade and other receivables	9	**598,403**	590,357
Prepaid lease payments		**4,898**	2,391
Amounts due from customers for contract work		—	2,357
Amount due from a related party		**8,841**	—
Financial assets at fair value through profit or loss		**51,269**	63,417
Taxation recoverable		**3,168**	217
Pledged bank deposits		**20,075**	110,207
Short-term bank deposits		**137,126**	—
Bank balances and cash		**1,768,008**	1,022,285
		2,845,045	2,034,947
Current liabilities			
Trade and other payables	10	**1,003,131**	924,775
Amount due to an associate		**1,050**	1,050
Taxation payable		**58,309**	58,717
Bank and other borrowings		**131,713**	123,756
Other loan		**9,165**	8,914
		1,203,368	1,117,212
Net current assets		**1,641,677**	917,735
Total assets less current liabilities		**7,483,812**	5,518,147

	2013	2012
	HK$'000	*HK$'000*
Non-current liabilities		
Loan from a major shareholder	**639,386**	—
Bank and other borrowings	**600,128**	200,249
Deferred taxation	**677,572**	477,207
	1,917,086	677,456
	5,566,726	4,840,691
Capital and reserves		
Share capital	**308,502**	308,502
Reserves	**4,387,512**	3,809,600
Equity attributable to owners of the Company	**4,696,014**	4,118,102
Non-controlling interests	**870,712**	722,589
	5,566,726	4,840,691

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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 HKFRSs issued by HKICPA.

Amendments to HKFRSs	Annual improvements to HKFRSs 2009 - 2012 cycle
Amendments to HKFRS 7	Disclosures - Offsetting financial assets and financial liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance
Amendments to HKAS 1	Presentation of items of other comprehensive income
HKFRS 10	Consolidated financial statements
HKFRS 11	Joint arrangements
HKFRS 12	Disclosure of interests in other entities
HKFRS 13	Fair value measurement
HKAS 19 (as revised in 2011)	Employee benefits
HKAS 27 (as revised in 2011)	Separate financial statements
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures
HK(IFRIC*) - INT 20	Stripping costs in the production phase of a surface mine

* IFRIC represents the IFRS Interpretations Committee.

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.

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "Consolidated financial statements", HKFRS 11 "Joint arrangements", HKFRS 12 "Disclosure of interests in other entities", HKAS 27 (as revised in 2011) "Separate financial statements" and HKAS 28 (as revised in 2011) "Investments in associates and joint ventures", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and separate financial statements" that deal with consolidated financial statements and HK(SIC) - INT 12 "Consolidation - Special purpose entities". HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors of the Company reviewed and assessed the control in the investments in investees of the Group in accordance with the requirements of HKFRS 10. The directors of the Company concluded that the application of HKFRS 10 has no impact on these consolidated financial statements.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 "Interests in joint ventures", and the guidance contained in a related interpretation, HK(SIC) - INT 13 "Jointly controlled entities - Non-monetary contributions by venturers", has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements - joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 had three types of joint arrangements - jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations are different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable standards.

The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of HKFRS 11. The directors of the Company concluded that the Group's investments in China Aerospace New World Technology Limited and Hainan Aerospace Investment Management Company Limited ("Hainan Aerospace"), which were classified as a jointly controlled entity under HKAS 31 and was accounted for using the equity method, should be classified as joint ventures under HKFRS 11 and accounted for using the equity method, whilst the arrangement between the Wenchang Government and the Group was jointly controlled operation under HKAS 31 and is a joint operation under HKFRS 11 after assessing the legal form and contractual terms of the respective arrangements. Therefore, the application of HKFRS 11 in the current year has had no material impact on the Group's consolidated financial statements.

Impact of the application of HKFRS 12

HKFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 "Fair value measurement"

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply 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 for share-based payment transactions that are within the scope of HKFRS 2 Share-based payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 "Presentation of items of other comprehensive income"

The Group has applied the amendments to HKAS 1 "Presentation of items of other comprehensive income". Upon the adoption of the amendments to HKAS 1, the Group's 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. 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. Furthermore, 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 do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective:

Amendments to HKFRSs	Annual improvements to HKFRSs 2010 - 2012 cycle[4]
Amendments to HKFRSs	Annual improvements to HKFRSs 2011 - 2013 cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and transition disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities[1]
Amendments to HKAS 19	Defined benefit plans: Employee contributions[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[1]
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets[1]
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting[1]
HKFRS 9	Financial instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
HK(IFRIC) - INT 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 July 2014.
[3] Available for application - the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised.
[4] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
[5] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016.

Annual improvements to HKFRSs 2010-2012 cycle

The "Annual improvements to HKFRSs 2010-2012 cycle" include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short- term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of the amendments included in the "Annual improvements to HKFRSs 2010-2012 cycle" will have a material effect on the Group's consolidated financial statements.

Annual improvements to HKFRSs 2011-2013 cycle

The "Annual improvements to HKFRSs 2011-2013 cycle" include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 cycle will have a material effect on the Group's consolidated financial statements.

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 and for derecognition, and further amended in 2013 to include the new requirements for hedge accounting.

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

Except for available-for-sale investments, the directors of the Company 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 2013. 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.

Amendments to HKAS 36 “Recoverable amount disclosures for non-financial assets”

The amendments to HKAS 36 remove the requirement to disclose the recoverable amount of a cash generating unit to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related cash generating unit. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or cash generating unit was determined based on its fair value less costs of disposal.

The directors of the Company do not anticipate that the application of these amendments to HKAS 36 will have a significant impact on the Group's consolidated financial statements.

Other than those disclosed above, the directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the Group's financial performance and positions.

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 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.

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

For the year ended 31 December 2013

	Turnover			
	External sales *HK$'000*	**Inter-segment sales** *HK$'000*	**Total** *HK$'000*	**Segment results** *HK$'000*
Hi-Tech Manufacturing Business				
Plastic products	**855,248**	**69,368**	**924,616**	**68,112**
Liquid crystal display	**361,723**	**218**	**361,941**	**16,271**
Printed circuit boards	**561,888**	–	**561,888**	**127,166**
Intelligent chargers	**732,377**	–	**732,377**	**51,132**
Industrial property investment	**14,532**	**20,683**	**35,215**	**21,654**
	2,525,768	**90,269**	**2,616,037**	**284,335**
New Material Business				
Polyimide films manufacturing	**76,134**	–	**76,134**	**4,844**
Aerospace Service				
Property investment in Shenzhen Aerospace Science & Technology Plaza	–	–	–	**504,082**
Land development in Hainan Launching Site Complex Zone (Note)	–	–	–	**(3,502)**
Internet of Things	**7,401**	–	**7,401**	**(39,274)**
	7,401	–	**7,401**	**461,306**
Reportable segment total	**2,609,303**	**90,269**	**2,699,572**	**750,485**
Elimination	–	**(90,269)**	**(90,269)**	–
Other Business	**1,835**	–	**1,835**	**8,074**
	2,611,138	–	**2,611,138**	**758,559**
Unallocated corporate income				**64,336**
Unallocated corporate expenses				**(72,403)**
				750,492
Gain on disposal of available-for-sale investments				**120,918**
Gain on deemed disposal of subsidiaries				**112,912**
Gain on deregistration of a subsidiary				**1,688**
Share of results of associates				**1,465**
Share of results of joint ventures (Note)				**1,431**
Finance costs				**(31,177)**
				957,729
Less: Profit for the year from discontinued operations				**(110,985)**
Profit before taxation from continuing operations				**846,744**

For the year ended 31 December 2012

	Turnover			
	External sales *HK$'000*	Inter-segment sales *HK$'000*	Total *HK$'000*	Segment results *HK$'000*
Hi-Tech Manufacturing Business				
Plastic products	846,598	102,620	949,218	67,424
Liquid crystal display	358,866	435	359,301	13,420
Printed circuit boards	507,340	–	507,340	107,716
Intelligent chargers	764,975	–	764,975	49,007
Industrial property investment	13,743	16,619	30,362	14,350
	2,491,522	119,674	2,611,196	251,917
New Material Business				
Polyimide films manufacturing	84,751	–	84,751	(21,173)
Aerospace Service				
Property investment in Shenzhen Aerospace Science & Technology Plaza	–	–	–	219,222
Land development in Hainan Launching Site Complex Zone (Note)	–	–	–	(6,921)
Internet of Things	36,984	–	36,984	(4,706)
	36,984	–	36,984	207,595
Reportable segment total	2,613,257	119,674	2,732,931	438,339
Elimination	–	(119,674)	(119,674)	–
Other Business	1,844	–	1,844	12,810
	2,615,101	–	2,615,101	451,149
Unallocated corporate income				31,435
Unallocated corporate expenses				(66,519)
				416,065
Share of results of associates				402
Share of results of joint ventures				1,532
Finance costs				(6,026)
				411,973
Add: Loss for the year from discontinued operations				6,123
Profit before taxation from continuing operations				418,096

Note: The land development in Hainan Launching Site Complex Zone is held by Hainan Aerospace, which became a joint venture of the Group as a result of deemed disposal. The President continuously reviews this segment information for the purpose of resources allocation and performance assessment. Thus, there is no change on the segment information reported to the President.

The share of loss of Hainan Aerospace for the year ended 31 December 2013 amount to HK$1,163,000 was included in the segment “Land development in Hainan Launching Site Complex Zone”.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the profit earned by/loss from each segment without allocation of interest income, change in fair value of financial assets at fair value through profit or loss, share of results of associates, share of results of joint ventures, interest expenses 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

	2013 *HK$'000*	2012 *HK$'000*
Continuing operations		
The Group's other income mainly comprises:		
Interest income	**39,713**	13,004
The Group's other gains and losses comprise:		
Impairment loss recognised in respect of goodwill	**—**	(23,000)
Net exchange gain (loss)	**10,236**	(5,294)
Net (loss) gain from change in fair value of financial assets at fair value through profit or loss	**(12,180)**	3,383
Allowance for doubtful trade debts	**(6,617)**	(1,278)
Gain on deregistration of subsidiaries	**1,688**	83
(Loss) gain on disposal/written off of property, plant and equipment	**(4,451)**	155
Discontinued operations		
The Group's other income mainly comprises:		
Bank interest income	**412**	792
The Group's other gains and losses mainly comprise:		
Net exchange loss	**(11)**	(1,169)

5. PROFIT BEFORE TAXATION

	2013 *HK$'000*	2012 *HK$'000*
Continuing operations		
Profit before taxation has been arrived at after charging (crediting):		
Depreciation on property, plant and equipment	**110,569**	95,645
Amortisation of prepaid lease payments	**3,231**	2,465
Amortisation of intangible assets (included in cost of sales)	**14,990**	13,360
Auditor's remuneration		
- current year	**4,458**	4,200
- overprovision in prior year	**(172)**	(192)
Minimum lease payments under operating leases in respect of land and buildings	**16,023**	13,630
Research and development expenses (included in other expenses)	**25,363**	21,501
Staff costs, including directors' remuneration	**498,385**	458,417
Cost of inventories charged to profit or loss including reversal of obsolete inventories of HK$7,625,000 (2012: allowance for obsolete inventories HK$3,375,000)	**2,063,221**	2,101,111
Gross rental income	**(16,366)**	(15,587)
Less: Direct operating expenses from investment properties that generated rental income during the year	**2,662**	2,418
	(13,704)	(13,169)
Discontinued operations		
Profit before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**205**	1,693
Staff costs, including directors' remuneration	**1,309**	4,706

6. TAXATION

	2013	2012
	HK$'000	*HK$'000*
Continuing operations		
The tax charge for the year comprises:		
Current tax		
Hong Kong Profits Tax	**19,408**	18,799
PRC Enterprise Income Tax	**12,503**	13,024
	31,911	31,823
Overprovision in prior years		
Hong Kong Profits Tax	**(440)**	(73)
PRC Enterprise Income Tax	**(640)**	(3,032)
	(1,080)	(3,105)
Deferred tax	**183,930**	85,244
	214,761	113,962

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. Certain subsidiaries of the Company operating in the PRC are eligible as High and New Technology Enterprise and the income tax rate of these subsidiaries is 15%.

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

7. EARNINGS PER SHARE

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

From continuing operations and discontinued operations

	2013	2012
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	**617,011**	246,725

	2013 Number of shares	2012 Number of shares
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**3,085,022,000**	3,085,022,000

	2013	2012
	HK$'000	*HK$'000*
From continuing operations		
Earnings		
Profit for the year attributable to the owners of the Company for the purpose of basic earnings per share	**506,026**	252,848

	2013 Number of shares	2012 Number of shares
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**3,085,022,000**	3,085,022,000

	2013	2012
	HK$'000	*HK$'000*
From discontinued operations		
Earnings		
Profit (loss) for the year attributable to the owners of the Company for the purpose of basic earnings per share	**110,985**	(6,123)

	2013 Number of shares	2012 Number of shares
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**3,085,022,000**	3,085,022,000

No diluted earnings per share is presented as there were no potential dilutive shares in issue for both years.

8. DIVIDENDS

	2013	2012
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2012 final, paid - HK1 cent (2012: 2011 final dividend of HK1 cent) per share	**30,850**	30,850

A final dividend of HK1 cent per share in respect of the year ended 31 December 2013 (2012: 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

	2013 HK$'000	2012 HK$'000
Trade receivables	**581,936**	554,274
Less: Allowance for doubtful debts	**(31,255)**	(24,638)
	550,681	529,636
Other receivables, deposits and prepayments	**47,722**	60,721
	598,403	590,357

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

	2013 HK$'000	2012 HK$'000
Within 90 days	**509,999**	491,252
Between 91 - 180 days	**34,396**	33,141
Between 181 - 365 days	**6,286**	5,243
	550,681	529,636

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.

Management closely monitors the credit quality of trade and other receivables and considers the trade and other receivables that are neither past due nor impaired to be of a good credit quality. Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK$40,682,000 (2012: HK$38,384,000) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. There are no balances included in other receivables which have been past due.

10. TRADE AND OTHER PAYABLES

	2013 HK$'000	2012 HK$'000
Trade payables	**304,016**	285,109
Accrued charges	**133,738**	124,108
Receipt in advance	**92,298**	137,196
Other payables	**473,079**	378,362
	1,003,131	924,775

Other payables included an amount of HK$54,000,000 (2012: HK$54,000,000) received on behalf of China Aerospace Science & Technology Corporation and payables to contractors for investment properties under construction of HK$171,587,000 (2012: HK$104,263,000).

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

	2013 HK$'000	2012 HK$'000
Within 90 days	**296,335**	268,944
Between 91 - 180 days	**2,653**	2,825
Between 181 - 365 days	**924**	442
Over 1 year	**4,104**	12,898
	304,016	285,109

BUSINESS REVIEW

RESULTS

In 2013, the sign of stability was gradually emerged across the global economy, debt crisis in some European countries were softened, the US economy was steadily recovered and the Chinese economy continued to grow. Nevertheless, the operating environment of the Company remained challenging due to unfavourable factors such as weak global demand, slow down in the growth of Chinese economy, and continuous increase in operation cost. For the year ended 31 December 2013, the Company and its subsidiaries recorded a turnover of HK$2,611,138,000 (2012: HK$2,615,101,000), which was close to that of last year. Profit attributable to shareholders was HK$617,011,000 (2012: HK$246,725,000), representing a significant increase of approximately 150% as compared with last year.

Although the operating environment remained unfavourable, the overall profit of the Company recorded a substantial increase as compared with last year, which was mainly benefited from an increase in the fair value of investment properties under construction, the revenues generated from the introduction of strategic investors to the Hainan project, and the disposal of equity interests in APT Satellite Holdings Limited. In order to provide stable returns to shareholders, and after consideration of the cashflow of the Company, the Board recommends the payment of a dividend for the year of HK1 cent per share.

BUSINESS REVIEW

During the year, the hi-tech manufacturing business of the Company remained stable, the construction works of Shenzhen Aerospace Science & Technology Plaza were proceeding as scheduled, the development of the Complex Zone of the Launching Site in Hainan Province had made certain progress, the business of polyimide (PI) films new materials had successfully introduced strategic investors, and the internet of things business had redefined the direction of future growth.

Hi-tech Manufacturing

In 2013, the turnover of hi-tech manufacturing business amounted to HK$2,525,768,000 (2012: HK$2,491,522,000), representing an increase of 1.37% as compared with last year. Among them, revenue from intelligent charger business decreased due to the decline in orders from certain clients; revenue from plastic product business and semiconductor business remained stable as a result of expanding marketing and sales efforts and launching new products; revenue from printed circuit board business increased mainly due to the enhancement of the market share of high-end products.

Through sustainable meticulous management, continuous optimization of production flow, enhancement of work efficiency, tightened control in operating expenses, and improvement in product quality, the hi-tech manufacturing business had alleviated the pressure of cost increment and achieved a considerable increase in overall profit. In 2013, profit of the hi-tech manufacturing business amounted to HK$284,335,000 (2012: HK$251,917,000), representing an increase of 12.87% as compared with last year, a record high of the business.

Hi-tech manufacturing mainly provides manufacturing services for electronics industries. Following the rapid development in the electronics markets, hi-tech manufacturing has increased the investment in technical upgrade in order to keep abreast of market trends and to cope with the clients' needs. During the year, hi-tech manufacturing committed approximately HK$80,000,000 for technical upgrade, which was mainly applied for facilities replacement, production capacity expansion, environmental improvement, efficiency enhancement, and production technology advancement. Such strategy injected new vitality in hi-tech manufacturing, and enhanced its cost advantages and competitiveness.

Aerospace Service Business

Shenzhen Aerospace Science & Technology Plaza

In 2013, the construction works of Shenzhen Aerospace Science & Technology Plaza project progressed smoothly, both the auxiliary building and the annex building were capped, following by the completion of the core tube of the main building on 18 January 2014. The main structure of the project sprouted around the central business district of Shenzhen Bay, and different tasks such as design, tender, construction and approval applications were proceeding in order. For the year ended 31 December 2013, the property under construction and land use right of Shenzhen Aerospace Science & Technology Plaza was valuated at approximately HK$3,361,893,000. In order to facilitate the marketing activities after completion of the project, Shenzhen Aerospace Technology Investment Company Limited* (深圳市航天高科投資管理有限公司) ("Shenzhen Aerospace") is conducting relevant research and planning in market development of this project.

The Complex Zone of the Launching Site in Hainan Province

Hainan Aerospace Investment Management Company Limited* (海南航天投資管理有限公司) ("Hainan Aerospace") successfully introduced Hainan Expressway Co., Ltd.* (海南高速公路股份有限公司) and China Great Wall Industry Corporation* (中國長城工業集團有限公司) as new investors, which had provided a new strength for the project development of the Complex Zone of the Launching Site in Hainan Province and Hainan Space Park. Hainan Aerospace worked with the local government to promote expropriation of land, which was almost completed. In regard to construction of resettlement zones, site preparation and infrastructure construction was basically completed, and construction of resettlement zones was proceeding as planned.

Hainan Aerospace entered into a project consultant service contract with Shenzhen OCT Tourism Planning Consultancy Company Limited ("OCT") in early 2013. OCT successively provided professional advice on the general development planning of the Complex Zone of the Launching Site in Hainan Province, and put forward general concept planning, project planning, implementation scheme and preliminary scheme for the the design of the core project of Hainan Space Park.

Incubation Project

New Materials

Shenzhen Rayitek Hi-tech Film Company Limited* (深圳瑞華泰薄膜科技有限公司) ("Shenzhen Rayitek") is committed to engaging in research, production and operation of high-performance polyimide films. In 2013, Shenzhen Rayitek recorded a turnover of HK$76,134,000, representing a decrease of 10.17% as compared with last year; adjustment of the product mix achieved favourable results, breakthrough on research and development as well as preproduction of high-performance polyimide films was made, and certain new products had entered into the stage of trial production stage.

In order to expand production capacity and strengthen the position in domestic market, Shenzhen Rayitek introduced three strategic investors, being SDIC High-Tech Investment Co., Ltd.* (國投高科技投資有限公司) ("SDIC High-Tech"), Shanghai Liansheng Venture Capital Co. Ltd.* (上海聯升創業投資有限公司) ("Shanghai Liansheng"), and Institute of Chemistry, Chinese Academy of Sciences ("ICCAS"), together with the increased in capital investment by 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"), a wholly-owned subsidiary of the Company, and Shenzhen Taiju Technology Investment Management Partnership Company (Limited Partnership) (深圳泰巨科技投資管理合夥企業(有限合夥)), a company established by the management of Shenzhen Rayitek. Each investor had made a contribution to the registered capital of Shenzhen Rayitek either in cash or with technical patents, which amounted to an aggregate of RMB267,532,400. This capital increase had introduced two professional investment funds, namely SDIC High-Tech and Shanghai Liansheng, which diversified and expanded the shareholding structure as well as the capital base of Shenzhen Rayitek, whereas ICCAS made a contribution by patent rights and undertook to Shenzhen Rayitek that it will take Shenzhen Rayitek as the sole industrialization and commercial platform of polyimide film products, which will enhance the research and development capability of the company. The capital increase has facilitated Shenzhen Rayitek to strengthen its capital and technological capacity, and will benefit its long term development.

Internet of Things

In 2013, Aerospace Digitnexus Information Technology (Shenzhen) Limited* (航天數聯信息技術 (深圳)有限公司) ("Aerospace Digitnexus") perfected development of the core structure of the internet of things intelligent software platform and certain related functional modules, and obtained several new patent rights. Aerospace Digitnexus also completed Sichuan Forestry Alert Project, Supply Chain Management System Project of China Construction Steel Structure Corporation Limited* (中建鋼構有限公司) and Kaidi Electric Power information safety demonstration project, and successfully entered into inventory informatization market. During the year, the operating results of Aerospace Digitnexus suffered from a loss. In response to this, the company adopted measures in a timely manner to adjust the operational strategy and corporate structure and redefined the direction of future growth.

PROSPECT

The Company's hi-tech manufacturing business has taken a solid stride forward with the aim of paving the way for future development. In order to capitalize on the opportunities emerging from the rapid development of the consumer-oriented portable communication devices and automobile industry markets in recent years, as well as enhancing its market competitiveness and ensuring sustainable development, the Company has drawn up plans to build a new-generation manufacturing base for High Density Interconnector (HDI) printed circuit boards, invest in building environment-friendly automated electroplating facilities and revamp its semi-automatic high-end LCD production lines, while carrying on a series of other technical upgrade projects. The execution of these expansion plans and technical upgrade projects will bring in new opportunities for our hi-tech manufacturing business, foster new breakthrough and take this business to a higher level.

For the project of Shenzhen Aerospace Science & Technology Plaza, Shenzhen Aerospace will ensure optimal management over the implementation of mechanical and electrical engineering projects, curtain wall installation, decoration engineering and so on, aiming at successful completion of the construction work while ensuring safety, quality and progress. Along with the construction progress, Shenzhen Aerospace will increase its marketing efforts by kicking off planning on the property sales and leasing while hiring professional real estate agents and property management companies to assist in starting up relevant works.

With the successful introduction of strategic investors, Hainan Aerospace, a former subsidiary of the Company, will become a joint venture of the Company and other shareholders, accordingly the Company will make appropriate adjustments to its management approach with Hainan Aerospace. The construction of the Complex Zone of the Hainan Aerospace Launch Site will continue as planned, of which Hainan Aerospace will complete the construction of resettlement zones, enhance its project financing capability, and launch the construction of the aerospace theme park project. In recent years, the remarkable changes in the external environment and the tightened policy that were continuously imposed by the Chinese Government to regulate the real estate market have constituted impact on the original business model of the project to a certain extent. While the primary development of the Complex Zone of the Launch Site in Hainan Province is completed progressively, the Company will work closely with the shareholders of Hainan Aerospace in seeking support from China Aerospace Science & Technology Corporation ("CASC") and Hainan Provincial Government, improve the business model of the Complex Zone project, and make appropriate strategic adjustment so as to adapt to the long-term development strategy of the Company while maintaining effective risk control.

Aerospace Digitnexus will adopt new business strategies, which is to follow the direction of its four pillar businesses, i.e. Forestry IT System, Warehousing IT System, Intelligent Security System and Vehicle Logistics Management System, while focusing on penetrating the inventory and logistics, as well as the security markets, in striving for a significant improvement in its operating results.

Shenzhen Rayitek is entering a new development stage. With the unwavering support of Shenzhen Rayitek's shareholders, it is blessed to have a bright future and will become a fairly potential investment of the Company.

The year of 2014 is a milestone in the Company's "Twelfth Five Year Plan" development course as well as a starting point of its "Thirteenth Five Year Plan" campaign. The Company will carefully review its course of development and will formulate a blueprint of future development based on its principal businesses. The Company will also vigorously develop its hi-tech manufacturing business, steadily promote its aerospace services business which mainly consists of science and technology, tourism and culture driven real estate business, actively pursue new projects with prospects, and consolidate the foundation of long-term development.

Looking forward, the Company has definite confidence of the future. With the support of CASC, the Company will better perform its role as an overseas capital operation platform, do its most in contributing to the globalization process of CASC and generate satisfactory returns for the Company's shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Results performance

The audited turnover of the Company and the subsidiaries for the year ended 31 December 2013 was HK$2,611,138,000, being more or less the same as compared with that of HK$2,615,101,000 for 2012. The profit for the year was HK$742,968,000, representing a significant increase of 149% as compared with that of HK$298,011,000 for 2012.

Profit attributable to shareholders of the Company

Profit attributable to shareholders of the Company was HK$617,011,000, representing a significant increase of 150% as compared with that of HK$246,725,000 for 2012. The significant increase in profit was mainly due to increase in the gain in the fair value of investment properties, and the profit generated from the enlarged registered capital of Hainan project through the introduction of investors and the disposal of the remaining shares of APT Satellite Holdings Limited.

Based on the issued share capital of 3,085,022,000 shares during the year, the basic earnings per share was HK$0.20, representing a significant increase of 150% as compared with that of HK$0.08 for 2012.

Dividends

The Board proposed the distribution of 2013 final dividend of HK1 cent per share in March 2014, subject to the approval by shareholders at the annual general meeting to be held on 23 May 2014. If approved, warrants of which will be dispatched to all shareholders on or about 17 June 2014.

The 2012 final dividend of HK1 cent per share had been approved by shareholders at the annual general meeting in May 2013 and warrants of which were dispatched to all shareholders on 26 June 2013.

Results of core businesses

Core businesses of the Company and the subsidiaries are hi-tech manufacturing and aerospace services. The turnover of the hi-tech manufacturing is the main source of the Company's turnover and that contributes a significant profit and cash flow. This has enabled the Company to fulfill gradual development of the business of aerospace services and other new businesses such as science and technology, tourism and culture driven real estate business, so as to achieve the Company's new development target and minimize single business risk.

Hi-tech Manufacturing

Hi-tech Manufacturing
The turnover of the hi-tech manufacturing in 2013 was HK$2,525,768,000, representing an increase of 1.37% as compared with last year; the operating profit was HK$284,335,000, representing an increase of 12.87% as compared with last year. The results of the hi-tech manufacturing are shown below:

	Turnover			Operating Profit		
	2013	2012	Changes	**2013**	2012	Changes
	HK$'000	HK$'000	%	**HK$'000**	HK$'000	%
Plastic Products	**855,248**	846,598	1.02	**68,112**	67,424	1.02
Printed Circuit Boards	**561,888**	507,340	10.75	**127,166**	107,716	18.06
Intelligent Chargers	**732,377**	764,975	(4.26)	**51,132**	49,007	4.34
Liquid Crystal Display	**361,723**	358,866	0.80	**16,271**	13,420	21.24
Industrial Property Investment	**14,532**	13,743	5.74	**21,654**	14,350	50.90
Total	**2,525,768**	2,491,522	1.37	**284,335**	251,917	12.87

Looking forward to 2014, the Company will continue to strengthen the marketing development and the management, enhance productivity and control costs, so as to ensure the hi-tech manufacturing to have a stable growth continuously.

New Materials
In 2013, the turnover of Shenzhen Rayitek was HK$76,134,000 and an operating profit of HK$4,844,000 was recorded. On 19 December 2013, Shenzhen Rayitek introduced several strategic investors and together with the existing shareholders to increase the capital by a sum of RMB267,532,400, which helped strengthening the ability of its future development. As at 31 December 2013, the capital increase had not yet completed. Except that one of the shareholders' second term capital increase is yet to be due pursuant to the agreement, the deadline of which is 31 May 2014, the rest capital increase had been completed in January 2014. The capital equity of New Century in Shenzhen Rayitek had reduced from 55% to 44.48%. Shenzhen Rayitek is no longer a subsidiary of New Century nor an indirect subsidiary of the Company. Upon completion of all the capital increase, the equity interests of New Century in Shenzhen Rayitek will further decrease to 42.75%.

Aerospace Service Business

The Complex Zone of the Launching Site in Hainan Province
In 2013, Hainan Aerospace Investment Management Company Limited* (海南航天投資管理有限公司) ("Hainan Aerospace") continued to assist the government in the rest of land expropriation. Basically, most of land expropriation had been completed. In relation to the construction of resettlement zone, the planning and design of various preliminary works had been completed, the related permits had also been obtained and the construction commenced accordingly. The construction of the resettlement zone is going to be completed subsequently. All matters relating to the introduction of strategic investors by the Company into Hainan Aerospace were completed in March 2013. Upon completion of the subscription, Hainan Aerospace is no longer a subsidiary of the Company and becomes that of a joint venture.

Shenzhen Aerospace Science & Technology Plaza
In 2013, Shenzhen Aerospace Technology Investment Company Limited* (深圳市航天高科投資管理有限公司) ("Shenzhen Aerospace") progressed the construction work of Shenzhen Aerospace Science & Technology Plaza as planned. As at 31 December 2013, both the auxiliary building and the annex building were topped out and the core tube of the main building was topped out in January 2014 as well. In 2014, Shenzhen Aerospace will continue to step up those construction works, decoration and tendering works, striving for early completion of the work.

Shenzhen Aerospace recorded a fair value gain of investment property of HK$514,175,000 in 2013. As at 31 December 2013, the property under construction and land use right of Shenzhen Aerospace Science & Technology Plaza was valued at approximately HK$3,361,893,000.

Internet of Things
In 2013, Aerospace Digitnexus Information Technology (Shenzhen) Limited* (航天數聯信息技術(深圳)有限公司) ("Aerospace Digitnexus") still remained in a preliminary development stage. It had completed research and development of software platform and gradually had more practical knowledge in core technology, products and markets. These set a clearer concept for future development. In 2014, Aerospace Digitnexus will reset the target of products, conduct matching of technology capability with markets, seek truth from facts in planning the direction and plan of development in order to strive for the realization of profit.

Aerospace Digitnexus recorded a turnover of HK$7,401,000 and an operating loss of HK$39,274,000 in 2013, which was mainly the amortization of intangible assets and payment of administrative fees etc..

Assets

As at 31 December 2013, the audited total assets of the Company and the subsidiaries were HK$8,687,180,000, of which the non-current assets were HK$5,842,135,000, representing an increase of 26.99% as compared with that of HK$4,600,412,000 as at 31 December 2012. The current assets were HK$2,845,045,000, representing an increase of 39.81% as compared with that of HK$2,034,947,000 as at 31 December 2012. The increase in non-current assets was mainly due to the increase in fair value of investment properties and construction cost, and newly purchase of land use right, whereas the increase in current assets was mainly due to increase in bank deposits and trade receivables. The equity attributable to shareholders of the Company was HK$4,696,014,000 representing an increase of 14.03% as compared with that of HK$4,118,102,000 as at 31 December 2012. Based on the issued share capital of 3,085,022,000 shares during the year, the net assets per share attributable to shareholders of the Company was HK$1.52.

As at 31 December 2013, a cash deposit of the Company and the subsidiaries of approximately

HK$20,075,000 had been pledged to banks to obtain credit facilities, Shenzhen Aerospace had obtained a syndicated loan by securing the land use right and property under construction thereof at value of RMB2,629,000,000 to a syndicate comprising banks and a financial institution, and Shenzhen Rayitek had pledged its plant and equipment and land use right at the book value of HK$99,228,000 and HK$16,950,000 respectively to Aerospace Science & Technology Finance Company Limited* (航天科技財務有限責任公司) to secure general banking facilities, of which the loan had been repaid in full in January 2014.

Liabilities

As at 31 December 2013, the total liabilities of the Company and the subsidiaries were HK$3,120,454,000, of which the non-current liabilities were HK$1,917,086,000, representing an increase of 182.98% as compared with that of HK$677,456,000 as at 31 December 2012, the current liabilities were HK$1,203,368,000, representing an increase of 7.71% as compared with that of HK$1,117,212,000 as at 31 December 2012. The increase in non-current liabilities was mainly due to the drawdown of a loan from a substantial shareholder, and the increase in bank loans and deferred tax, whereas the increase in current liabilities was mainly due to the increase in trade payables resulting from the increase in purchase correspondingly and payables for the construction costs of Shenzhen Aerospace Science & Technology Plaza. As at 31 December 2013, the Company and the subsidiaries had bank and other borrowings of HK$1,371,227,000.

Shenzhen Aerospace entered into a syndicated loan agreement of RMB1,500,000,000 with a syndicate of financial institutions in 2011 for the payment of construction costs of Shenzhen Aerospace Science & Technology Plaza. With the comprehensive commencement of the construction works, the construction costs will increase significantly. Shenzhen Aerospace will gradually drawdown the loan to pay the construction costs. Therefore, the relevant bank debt will gradually increase. As at 31 December 2013, Shenzhen Aerospace had drawn down the loan in the amount of RMB469,300,000.

Operating expenses

The administrative expenses of the Company and the subsidiaries in 2013 were HK$312,932,000, representing an increase of 7.52% as compared with last year, which was mainly due to the increase in market development fee and human resources expense. The financial costs amounted to HK$56,269,000, of which HK$23,126,000 and HK$1,966,000 had been capitalized and recorded as the construction cost of Shenzhen Aerospace Science & Technology Plaza and the land development cost of the Hainan project.

Contingent liabilities

As at 31 December 2013, the Company and the subsidiaries did not have any other material contingent liabilities.

Financial Ratios

	2013	2012
Gross Profit Margin	**20.98%**	19.65%
Return on Net Assets	**13.35%**	6.16%
	31 December 2013	31 December 2012
Assets-Liabilities Ratio	**35.92%**	27.05%
Current Ratio	**2.36**	1.82
Quick Ratio	**2.15**	1.60

Liquidity

The source of funds of the Company and the subsidiaries mainly relies on internal resources and banking facilities. The free cash, bank balance and short term fixed deposits as at 31 December 2013 amounted to HK$1,905,134,000, the majority of which were in Hong Kong Dollars and Renminbi.

Capital Expenditure and Investment Commitment

As at 31 December 2013, the capital commitments of the Company and the relevant subsidiaries contracted for but not provided in the consolidated financial statements was HK$660,940,000, 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, Shenzhen Aerospace will draw down the syndicated loan by stages to settle related construction costs.

As at 31 December 2013, the investment commitments of Hainan Aerospace in the project of the Complex Zone of the Launching Site in Hainan Province was HK$383,529,000.

Financial Risks

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

Human Resources and Remuneration Policies

The remuneration policy of the Company and the subsidiaries is based on the employee’s qualifications, experience and performance on the job, with reference to the current market situation. The Company and the subsidiaries will continue to upgrade the 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.

As at 31 December 2013, the Company and the subsidiaries have a total of approximately 6,130 employees based in the Mainland China and Hong Kong respectively.

POST BALANCE SHEET EVENT

On 19 December 2013, Shenzhen Rayitek introduced several strategic investors and together with the existing shareholders to increase the capital by a sum of RMB267,532,400. As at 31 December 2013, the capital increase had not yet completed. Except that one of the shareholders’ second term capital increase is yet to be due pursuant to the agreement, the deadline of which is 31 May 2014, the rest capital increase had been completed in January 2014. The capital equity of New Century in Shenzhen Rayitek had reduced from 55% to 44.48%. Shenzhen Rayitek is no longer a subsidiary of New Century nor an indirect subsidiary of the Company. Upon completion of all the capital increase, the equity interests of New Century in Shenzhen Rayitek will further decrease to 42.75%.

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 2013, the Company had complied with the provisions of the *Corporate Governance Code and Corporate Governance Report* as set out in Appendix 14 of the Listing Rules.

DIRECTORS' AND EXECUTIVE'S INTERESTS IN SHARES

The Company had adopted the *Model Code for Securities Transactions by Directors of Listed Issuers* as set out in Appendix 10 of the Listing Rules as the required standard for the Directors of the Company to trade the securities of the Company. Having made specific enquiry to all the Directors of the Company and in accordance with information provided, all the Directors have complied with the provisions under the Model Code in 2013.

As at 31 December 2013, save as disclosed below, none of the directors, chief executives or their associates have any beneficial or non-beneficial interests in the share capital, warrants and options of the Company or its subsidiaries or any of its associated corporations which is required to be recorded in the Register of Directors' Interests pursuant to Part XV of the Securities & Futures Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the *Model Code for Securities Transactions by Directors of Listed Issuers*.

Name	Capacity	Number of shares Interested (long position)	Percentage of issued share capital
Leung Sau Fan, Sylvia	Director	130,000	0.004%

AUDIT COMMITTEE

In 2013, the Audit Committee of the Company comprises Mr Luo Zhenbang (Chairman) and Ms Leung Sau Fan, Sylvia, both being Independent Non-Executive Directors; and Mr Shi Weiguo, being Non-Executive Director. The major functions of the Audit Committee include serving as a focal point for communication between the Directors and external auditor, reviewing the Company's financial information as well as overseeing the Company's financial reporting system and internal control procedures. The Audit Committee had also reviewed, discussed and approved the financial statements for the year ended 31 December 2013.

REMUNERATION COMMITTEE

In 2013, the Remuneration Committee comprises Ms Leung Sau Fan, Sylvia (Chairman), Mr Wang Xiaojun (appointed in March 2013) and Mr Wang Junyan (resigned in March 2013), all being Independent Non-Executive Directors, and Mr Chen Xuechuan, being Non-Executive Director. The Remuneration Committee takes the role of advisory and proposes to the Board on the emoluments of the Directors and senior management with regard to the operating results of the Company, the individual performance and the comparable market information.

NOMINATION COMMITTEE

In 2013, the Nomination Committee comprises Mr Zhang Jianheng, being a Non-Executive Director and the Chairman of the Board, Mr Luo Zhenbang, Ms Leung Sau Fan, Sylvia, Mr Wang Xiaojun (appointed in March 2013) and Mr Wang Junyan (resigned in March 2013), all being Independent Non-Executive Directors, and Mr Chen Xuechuan, being a Non-Executive Director. Main functions of the Nomination Committee are to review the structure, size and composition of the Board in order to implement the Company's strategy.

CONNECTED TRANSACTIONS

On 5 November 2012, CASIL Hainan Holdings Limited and 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"), wholly-owned subsidiaries of the Company, Hainan Expressway Co., Ltd.* (海南高速公路股份有限公司) ("Hainan Expressway") and China Great Wall Industry Corporation* (中國長城工業集團有限公司) ("China Great Wall") entered into the Subscription Agreement, pursuant to which each of Hainan Expressway and China Great Wall will subscribe the equity interest in Hainan Aerospace Investment Management Company Limited* (海南航天投資管理有限公司) ("Hainan Aerospace") at a consideration of RMB312,720,000 (the "Subscription"). As China Great Wall is a connected person of the Company and accordingly, the Subscription by China Great Wall in Hainan Aerospace constituted a connected transaction of the Company. The independent shareholders of the Company approved the transaction at the Extraordinary General Meeting held on 4 January 2013, China Aerospace Science & Technology Corporation ("CASC") and its associates were abstained from voting on the resolution. The procedures of the Subscription were completed on 19 March 2013. Upon completion, the Company, through CASIL Hainan Holdings Limited and New Century, totally holds a 50% shareholding in Hainan Aerospace and each of Hainan Expressway and China Great Wall holds a 25% shareholding in Hainan Aerospace. Hainan Aerospace is no longer a wholly-owned subsidiary of the Company and is accounted for as a joint venture of the Company. Details of which please refer to the Company's announcements made on 5 November 2012, 4 January 2013 and 20 March 2013 and the circular dated 11 December 2012, respectively.

On 26 March 2013, New Century (as the borrower) entered into an entrusted loan agreement with CASC (as the trustor), the substantial shareholder of the Company, and Bank of Beijing (as the trustee), pursuant to which CASC will provide an entrusted loan in the sum of RMB500,000,000 to the borrower with maturity of 60 months through Bank of Beijing. As CASC is a substantial shareholder of the Company, CASC entrusted a loan to New Century constituted a connected transaction of the Company. Details of which please refer to the Company's announcement made on 26 March 2013.

On 26 April 2013, Shenzhen Rayitek Hi-tech Film Company Limited* (深圳瑞華泰薄膜科技有限公司) ("Shenzhen Rayitek"), a subsidiary of the Company, entered into the Loan Agreement with Aerospace Science & Technology Finance Company Limited* (航天科技財務有限責任公司) ("Aerospace Finance") again, pursuant to which Aerospace Finance shall continue to provide a one-year loan in the sum of RMB60,000,000 to Shenzhen Rayitek. Shenzhen Rayitek will charge its land and buildings, and equipment and facilities in favour of Aerospace Finance as security for the Loan. In addition, New Century will provide the Guarantee in respect of all amounts outstanding under the Loan Agreement in favour of Aerospace Finance. As Aerospace Finance is a connected person of the Company, the provision of Guarantee to Aerospace Finance by New Century constituted a connected transaction of the Company. Details of which please refer to the Company's announcement made on 26 April 2013. The loan was repaid in full by Shenzhen Rayitek in January 2014.

On 4 November 2013, certain subsidiaries of the Company entered into the Settlement Account Management Agreement with Aerospace Finance respectively, pursuant to which Aerospace Finance shall provide deposit services and settlement services to the relevant subsidiaries which allow the relevant subsidiaries to make deposits or withdrawals through the RMB deposit accounts with Aerospace Finance, subject to the condition that the maximum daily outstanding balance of all deposits placed by all the relevant subsidiaries, and New Century, Shenzhen Aerospace and Shenzhen Rayitek, each of which had opened an account with Aerospace Finance in previous transactions, in their respective accounts shall not be more than RMB100,000,000 in aggregate within three years from the date of the Settlement Account Management Agreements. As Aerospace Finance is a connected person of the Company, the provision of deposits with the accounts of Aerospace Finance by certain subsidiaries of the Company constituted a connected transaction of the Company. Details of which please refer to the Company's announcement made on 4 November 2013.

Independent Non-Executive Directors of the Company had reviewed the above connected transactions and confirmed that the connected transactions had been entered into on normal commercial terms and are fair and reasonable and in the interests of the shareholders of the Company as a whole.

DIVIDEND

The Board has recommended a final dividend of HK1 cent per share for the year ended 31 December 2013 (2012: HK1 cent) payable to the shareholders of the Company whose names appear on the Register of Members of the Company on Wednesday, 28 May 2014.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Friday, 23 May 2014. Notice of which will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company and dispatched to the shareholders of the Company in such manner as required under the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

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

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

Latest time for lodging transfers of shares and related documents for registration	:	4:30 p.m. on Tuesday, 20 May 2014
Closure of Register of Members	:	from Wednesday, 21 May 2014 to Friday, 23 May 2014 (both days inclusive)
Record Date	:	Friday, 23 May 2014

(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, 28 May 2014
Closure of Register of Members	:	from Thursday, 29 May 2014 to Friday, 30 May 2014 (both days inclusive)
Record Date	:	Friday, 30 May 2014

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 (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014 and all telephone and facsimile numbers will remain unchanged) for registration on or before Tuesday, 20 May 2014 and Wednesday, 28 May 2014 respectively. Subject to approval by the Shareholders at the Annual General Meeting, dividend warrants are expected to be despatched to the Shareholders by post on or around Tuesday, 17 June 2014.

APPRECIATION

Mr Wu Zhuo will resign as director of the Company by the end of March 2014. On behalf of the Board, I would like to express the highest respect and my sincere gratitude to Mr Wu Zhuo for his outstanding contributions to the Company during the tenure of his service as Chairman and Vice Chairman.

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
Zhang Jianheng
Chairman

Hong Kong, 21 March 2014

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

Executive Directors	***Non-Executive Directors***	***Independent Non-Executive Directors***
Mr Li Hongjun *(President)*	Mr Zhang Jianheng *(Chairman)*	Mr Luo Zhenbang
Mr Jin Xuesheng	Mr Wu Zhuo *(Vice Chairman)*	Ms Leung Sau Fan, Sylvia
	Mr Chen Xuechuan	Mr Wang Xiaojun
	Mr Shi Weiguo	

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