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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 INTERIM RESULTS 2016

The Board of Directors (the “Board”) of China Aerospace International Holdings Limited (the “Company”) announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2016 together with the comparative figures of the same period in 2015 as follows:

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2016

|   |       | Six months ended |             |
|---|-------|------------------|-------------|
|   |       | 30.6.2016        | 30.6.2015   |
|   |       | (Unaudited)      | (Unaudited) |
|   | NOTES | HK\$'000         | HK\$'000    |
| Turnover                                    | 3     | 1,282,248        | 1,234,720   |
| Cost of sales                               |       | (1,007,394)      | (991,674)   |
| Gross profit                                |       | 274,854          | 243,046     |
| Other gains and losses                      | 4     | (9,850)          | (5,846)     |
| Other income                                | 4     | 17,676           | 41,231      |
| Gain on disposal of an associate            |       | —                | 3,716       |
| Selling and distribution expenses           |       | (24,301)         | (18,628)    |
| Administrative expenses                     |       | (168,963)        | (156,644)   |
| Fair value changes of investment properties |       | 1,306,763        | 913,956     |
| Finance costs                               |       | (15,809)         | (16,769)    |
| Share of results of joint ventures          |       | (2,627)          | (2,842)     |
| Share of results of associates              |       | (789)            | (472)       |
| Profit before taxation                      | 5     | 1,376,954        | 1,000,748   |
| Taxation                                    | 6     | (387,984)        | (370,435)   |
| Profit for the period                       |       | 988,970          | 630,313     |

|  | <i>NOTE</i> | <b>Six months ended</b> |                 |
|--|-------------|-------------------------|-----------------|
|  |             | <b>30.6.2016</b>        | 30.6.2015       |
|  |             | <b>(Unaudited)</b>      | (Unaudited)     |
|  |             | <i>HK\$'000</i>         | <i>HK\$'000</i> |
| Profit for the period attributable to: |             |                         |                 |
| Owners of the Company                  |             | <b>619,989</b>          | 409,793         |
| Non-controlling interests              |             | <b>368,981</b>          | 220,520         |
|  |             | <b>988,970</b>          | 630,313         |
|  |             | <b>988,970</b>          | 630,313         |
| Basic earnings per share               | 7           | <b>HK20.10 cents</b>    | HK13.28 cents   |
|  |             | <b>HK20.10 cents</b>    | HK13.28 cents   |

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2016**

|  | <b>Six months ended</b> |                 |
|--|-------------------------|-----------------|
|  | <b>30.6.2016</b>        | 30.6.2015       |
|  | <b>(Unaudited)</b>      | (Unaudited)     |
|  | <i>HK\$'000</i>         | <i>HK\$'000</i> |
| Profit for the period  | <b>988,970</b>          | 630,313         |
| Other comprehensive (expense) income:                                |                         |                 |
| <i>Items that may be reclassified subsequently to profit or loss</i> |                         |                 |
| Exchange differences arising on translating foreign operations       | <b>(69,768)</b>         | (578)           |
| Share of translation reserve of joint ventures                       | <b>(9,657)</b>          | 790             |
| Share of translation reserve of associates                           | <b>(1,686)</b>          | 237             |
| Other comprehensive (expense) income for the period                  | <b>(81,111)</b>         | 449             |
| Total comprehensive income for the period                            | <b>907,859</b>          | 630,762         |
| Total comprehensive income attributable to:                          |                         |                 |
| Owners of the Company  | <b>561,603</b>          | 409,911         |
| Non-controlling interests  | <b>346,256</b>          | 220,851         |
|  | <b>907,859</b>          | 630,762         |
|  | <b>907,859</b>          | 630,762         |

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 30 JUNE 2016**

|   | <i>NOTES</i> | <b>30.6.2016</b><br><b>(Unaudited)</b><br><b>HK\$'000</b> | 31.12.2015<br>(Audited)<br>HK\$'000 |
|---|--------------|---|-------------------------------------|
| <b>Non-current assets</b>   |              |   |                                     |
| Property, plant and equipment                                     |              | 851,354   | 806,722                             |
| Prepaid lease payments  |              | 91,781  | 94,626                              |
| Investment properties   |              | 8,690,047   | 7,155,275                           |
| Interests in associates   |              | 129,818   | 132,293                             |
| Interests in joint ventures                                       |              | 771,346   | 783,630                             |
| Deposits paid for acquisition of property,<br>plant and equipment |              | <u>49,211</u>   | <u>9,373</u>                        |
|   |              | <u><b>10,583,557</b></u>                                  | <u>8,981,919</u>                    |
| <b>Current assets</b>   |              |   |                                     |
| Inventories   |              | 282,096   | 243,604                             |
| Trade and other receivables                                       | 9            | 627,963   | 647,547                             |
| Prepaid lease payments  |              | 3,799   | 3,849                               |
| Amount due from a related party                                   |              | 14  | 14                                  |
| Financial assets at fair value through profit or loss             |              | 23,554  | 17,169                              |
| Pledged bank deposits   |              | 33,300  | 36,035                              |
| Bank balances and cash  |              | <u>1,963,986</u>  | <u>2,045,506</u>                    |
|   |              | <u><b>2,934,712</b></u>                                   | <u>2,993,724</u>                    |
| <b>Current liabilities</b>  |              |   |                                     |
| Trade and other payables  | 10           | 1,382,668   | 1,093,748                           |
| Taxation payable  |              | 65,777  | 51,909                              |
| Bank and other borrowings   |              | 1,366,084   | 1,340,260                           |
| Other loan  |              | <u>8,353</u>  | <u>8,462</u>                        |
|   |              | <u><b>2,822,882</b></u>                                   | <u>2,494,379</u>                    |
| <b>Net current assets</b>   |              | <u><b>111,830</b></u>                                     | <u>499,345</u>                      |
| <b>Total assets less current liabilities</b>                      |              | <u><b>10,695,387</b></u>                                  | <u>9,481,264</u>                    |

|   | <b>30.6.2016</b><br><b>(Unaudited)</b><br><b>HK\$'000</b> | 31.12.2015<br><b>(Audited)</b><br><b>HK\$'000</b> |
|---|---|---|
| <b>Non-current liabilities</b>                      |   |   |
| Loan from a major shareholder                       | <b>582,751</b>  | 590,319   |
| Deferred taxation                                   | <b>2,032,365</b>  | 1,687,683   |
|   | <b>2,615,116</b>  | 2,278,002   |
|   | <b>8,080,271</b>  | 7,203,262   |
| <b>Capital and reserves</b>                         |   |   |
| Share capital                                       | <b>1,154,511</b>  | 1,154,511   |
| Reserves  | <b>5,082,012</b>  | 4,551,259   |
| <b>Equity attributable to owners of the Company</b> | <b>6,236,523</b>  | 5,705,770   |
| <b>Non-controlling interests</b>                    | <b>1,843,748</b>  | 1,497,492   |
|   | <b>8,080,271</b>  | 7,203,262   |

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
*FOR THE SIX MONTHS ENDED 30 JUNE 2016*

**1. BASIS OF PREPARATION**

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2015 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

**2. PRINCIPAL ACCOUNTING POLICIES**

The condensed consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2015.

In the current interim period, the Group has applied, for the first time, the following amendments of Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

|   |   |
|---|---|
| Amendments to HKFRS 11                          | Accounting for acquisitions of interests in joint operations            |
| Amendments to HKAS 1                            | Disclosure initiative   |
| Amendments to HKAS 16<br>and HKAS 38            | Clarification of acceptable methods of depreciation<br>and amortisation |
| Amendments to HKFRSs                            | Annual improvements to HKFRSs 2012 - 2014 cycle                         |
| Amendments to HKAS 16<br>and HKAS 41            | Agriculture: Bearer plants  |
| Amendments to HKFRS 10,<br>HKFRS 12 and HKAS 28 | Investment entities: Applying the consolidation<br>exception            |

Except as described below, the application of the above amendments to HKFRSs in the current interim period has had no material impact on the amounts and/or disclosures reported in these condensed consolidated financial statements.

#### **Amendments to HKAS 1 "Disclosure initiative"**

The Group has applied the amendments to HKAS 1 "Disclosure initiative" for the first time in the current interim period. The amendments to HKAS 1 clarify that an entity need not provide a specific disclosure required by an HKFRS if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosure when compliance with the specific requirements in HKFRS is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the Group, and should be separated into the share of items that, in accordance with other HKFRSs: (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

As regards the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes. The application of the amendments to HKAS 1 has not resulted in significant changes in the disclosure and presentation of the Group's condensed consolidated financial statements.

### 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 10 (1.1.2015 to 30.6.2015: 9) reportable 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 property investment in Shenzhen Aerospace Science & Technology Plaza, land development in Hainan Launching Site Complex Zone, Internet of Things and Cross-border e-commerce) which represents the major industries in which the Group is engaged.

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

#### For the six months ended 30 June 2016

|  | Turnover                   |                                 |                   | Segment results<br>HK\$'000 |
|--|----------------------------|---------------------------------|-------------------|-----------------------------|
|  | External sales<br>HK\$'000 | Inter-segment sales<br>HK\$'000 | Total<br>HK\$'000 |                             |
| Hi-Tech Manufacturing Business                                       |                            |                                 |                   |                             |
| Plastic products   | 536,101                    | 21,129                          | 557,230           | 36,579                      |
| Liquid crystal display   | 215,095                    | 60                              | 215,155           | 17,177                      |
| Printed circuit boards   | 310,002                    | —                               | 310,002           | 58,051                      |
| Intelligent chargers   | 189,612                    | —                               | 189,612           | 7,149                       |
| Industrial property investment                                       | 7,411                      | 10,366                          | 17,777            | 5,896                       |
|  | <u>1,258,221</u>           | <u>31,555</u>                   | <u>1,289,776</u>  | <u>124,852</u>              |
| New Material Business  |                            |                                 |                   |                             |
| Polyimide films manufacturing  | —                          | —                               | —                 | (349)                       |
| Aerospace Service  |                            |                                 |                   |                             |
| Property investment in Shenzhen Aerospace Science & Technology Plaza | —                          | —                               | —                 | 1,292,944                   |
| Land development in Hainan Launching Site Complex Zone               | —                          | —                               | —                 | (2,461)                     |
| Internet of Things   | 4,946                      | —                               | 4,946             | (1,474)                     |
| Cross-border e-commerce  | 17,803                     | —                               | 17,803            | (1,534)                     |
|  | <u>22,749</u>              | <u>—</u>                        | <u>22,749</u>     | <u>1,287,475</u>            |
| Reportable segment total   | <u>1,280,970</u>           | <u>31,555</u>                   | <u>1,312,525</u>  | <u>1,411,978</u>            |
| Elimination  | —                          | (31,555)                        | (31,555)          | —                           |
| Other Business   | 1,278                      | —                               | 1,278             | 2,397                       |
|  | <u>1,282,248</u>           | <u>—</u>                        | <u>1,282,248</u>  | <u>1,414,375</u>            |
| Unallocated corporate income   |                            |                                 |                   | 22,926                      |
| Unallocated corporate expenses                                       |                            |                                 |                   | (43,932)                    |
|  |                            |                                 |                   | <u>1,393,369</u>            |
| Share of results of associates                                       |                            |                                 |                   | (440)                       |
| Share of results of a joint venture                                  |                            |                                 |                   | (166)                       |
| Finance costs  |                            |                                 |                   | (15,809)                    |
| Profit before taxation   |                            |                                 |                   | <u>1,376,954</u>            |

**For the six months ended 30 June 2015**

|  | Turnover                   |                                 |                   | Segment results<br>HK\$'000 |
|--|----------------------------|---------------------------------|-------------------|-----------------------------|
|  | External sales<br>HK\$'000 | Inter-segment sales<br>HK\$'000 | Total<br>HK\$'000 |                             |
| Hi-Tech Manufacturing Business   |                            |                                 |                   |                             |
| Plastic products   | 463,556                    | 23,329                          | 486,885           | 36,068                      |
| Liquid crystal display   | 237,674                    | 105                             | 237,779           | 13,742                      |
| Printed circuit boards   | 252,987                    | —                               | 252,987           | 48,212                      |
| Intelligent chargers   | 271,735                    | 920                             | 272,655           | 14,470                      |
| Industrial property investment   | 7,282                      | 10,577                          | 17,859            | 8,778                       |
|  | <u>1,233,234</u>           | <u>34,931</u>                   | <u>1,268,165</u>  | <u>121,270</u>              |
| New Material Business  |                            |                                 |                   |                             |
| Polyimide films manufacturing  | —                          | —                               | —                 | (25)                        |
| Aerospace Service  |                            |                                 |                   |                             |
| Property investment in Shenzhen<br>Aerospace Science &<br>Technology Plaza | —                          | —                               | —                 | 902,574                     |
| Land development in Hainan<br>Launching Site Complex Zone                  | —                          | —                               | —                 | (3,172)                     |
| Internet of Things   | 142                        | —                               | 142               | (10,783)                    |
| Cross-border e-commerce  | —                          | —                               | —                 | —                           |
|  | <u>142</u>                 | <u>—</u>                        | <u>142</u>        | <u>888,619</u>              |
| Reportable segment total   | 1,233,376                  | 34,931                          | 1,268,307         | 1,009,864                   |
| Elimination  | —                          | (34,931)                        | (34,931)          | —                           |
| Other Business   | 1,344                      | —                               | 1,344             | 2,391                       |
|  | <u>1,234,720</u>           | <u>—</u>                        | <u>1,234,720</u>  | <u>1,012,255</u>            |
| Unallocated corporate income   |                            |                                 |                   | 36,696                      |
| Unallocated corporate expenses   |                            |                                 |                   | <u>(35,033)</u>             |
|  |                            |                                 |                   | 1,013,918                   |
| Gain on disposal of an associate   |                            |                                 |                   | 3,716                       |
| Share of results of associates   |                            |                                 |                   | (447)                       |
| Share of results of a joint venture  |                            |                                 |                   | 330                         |
| Finance costs  |                            |                                 |                   | <u>(16,769)</u>             |
| Profit before taxation   |                            |                                 |                   | <u>1,000,748</u>            |

Segment results represent the profit earned/loss incurred by each segment without allocations of interest income, changes in fair value of financial assets at fair value through profit or loss, gain on disposal of an associate, share of results of a joint venture and associates, interest expenses and other corporate income and corporate expenses. Share of loss of certain joint ventures of HK\$2,461,000 (1.1.2015 to 30.6.2015: HK\$3,172,000) and share of loss of an associate of HK\$349,000 (1.1.2015 to 30.6.2015: HK\$25,000) were allocated to reportable and operating segments. This is the measure reported to the President for the purposes of resource allocation and performance assessment.

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

#### 4. OTHER INCOME AND OTHER GAINS AND LOSSES

|  | Six months ended |                |
|--|------------------|----------------|
|  | 30.6.2016        | 30.6.2015      |
|  | HK\$'000         | HK\$'000       |
| The Group's other income mainly comprises:   |                  |                |
| Bank interest income   | 13,929           | 33,650         |
| The Group's other gains and losses mainly comprise:  |                  |                |
| Net gain (loss) from change in fair value of financial assets at fair value through profit or loss | 6,385            | (3,843)        |
| Net exchange loss  | <u>(16,367)</u>  | <u>(1,914)</u> |

#### 5. PROFIT BEFORE TAXATION

|   | Six months ended |               |
|---|------------------|---------------|
|   | 30.6.2016        | 30.6.2015     |
|   | HK\$'000         | HK\$'000      |
| Profit before taxation has been arrived at after charging:    |                  |               |
| Amortisation of prepaid lease payments                        | 1,120            | 1,707         |
| Amortisation of intangible assets (included in cost of sales) | —                | 5,965         |
| Depreciation of property, plant and equipment                 | <u>74,365</u>    | <u>53,414</u> |

#### 6. TAXATION

|                           | Six months ended |                |
|---------------------------|------------------|----------------|
|                           | 30.6.2016        | 30.6.2015      |
|                           | HK\$'000         | HK\$'000       |
| Current tax               |                  |                |
| Hong Kong Profits Tax     | 4,747            | 6,540          |
| PRC Enterprise Income Tax | <u>12,340</u>    | <u>11,549</u>  |
|                           | 17,087           | 18,089         |
| Deferred tax charge       | <u>370,897</u>   | <u>352,346</u> |
| Income tax charge         | <u>387,984</u>   | <u>370,435</u> |

Hong Kong Profits Tax and PRC Enterprise Income Tax have been calculated at 16.5% and 25% respectively of the estimated assessable profit for the periods under review other than certain subsidiaries in the PRC that are entitled to High and New Technology Enterprise status of which the applicable income tax rate is 15%.



## 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:

|   | <b>Six months ended</b> |                  |
|---|-------------------------|------------------|
|   | <b>30.6.2016</b>        | 30.6.2015        |
|   | <i>HK\$'000</i>         | <i>HK\$'000</i>  |
| <b>Earnings</b>   |                         |                  |
| Profit for the period attributable to the owners of the Company<br>for the purposes of basic earnings per share | <u><b>619,989</b></u>   | <u>409,793</u>   |
|   | <b>30.6.2016</b>        | 30.6.2015        |
|   | <i>'000</i>             | <i>'000</i>      |
| <b>Number of shares</b>   |                         |                  |
| Number of ordinary shares for the purposes of basic earnings per share  | <u><b>3,085,022</b></u> | <u>3,085,022</u> |

The denominators used are the same as those detailed above for both basic earnings per share.

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

## 8. DIVIDEND

2015 final dividend of HK1 cent (1.1.2015 to 30.6.2015: 2014 final dividend of HK1 cent) per share amounting to HK\$30,850,000 (1.1.2015 to 30.6.2015: HK\$30,850,000) was paid by the Company during the period. The directors do not recommend payment of an interim dividend for the interim period.

## 9. TRADE AND OTHER RECEIVABLES

At 30 June 2016, included in trade and other receivables are trade receivables of HK\$566,367,000 (31.12.2015: HK\$572,182,000). The Group allows an average credit period of 90 days to its trade customers.

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

|                        | <b>30.6.2016</b><br><i>HK\$'000</i> | 31.12.2015<br><i>HK\$'000</i> |
|------------------------|-------------------------------------|-------------------------------|
| Within 90 days         | 553,755                             | 549,751                       |
| Between 91 - 180 days  | 12,484                              | 21,460                        |
| Between 181 - 365 days | 105                                 | 971                           |
| Between 1 to 2 years   | 23                                  | —                             |
|                        | <u>566,367</u>                      | <u>572,182</u>                |

## 10. TRADE AND OTHER PAYABLES

|                    | <b>30.6.2016</b><br><i>HK\$'000</i> | 31.12.2015<br><i>HK\$'000</i> |
|--------------------|-------------------------------------|-------------------------------|
| Trade payables     | 367,232                             | 314,815                       |
| Accrued charges    | 141,791                             | 154,771                       |
| Receipt in advance | 62,155                              | 130,605                       |
| Other payables     | 811,490                             | 493,557                       |
|                    | <u>1,382,668</u>                    | <u>1,093,748</u>              |

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

|                        | <b>30.6.2016</b><br><i>HK\$'000</i> | 31.12.2015<br><i>HK\$'000</i> |
|------------------------|-------------------------------------|-------------------------------|
| Within 90 days         | 353,209                             | 240,803                       |
| Between 91 - 180 days  | 5,341                               | 14,232                        |
| Between 181 - 365 days | 1,423                               | 48,450                        |
| Over 1 year            | 7,259                               | 11,330                        |
|                        | <u>367,232</u>                      | <u>314,815</u>                |

## BUSINESS REVIEW

### OVERVIEW

For the six months ended 30 June 2016, the Company and its subsidiaries reported an unaudited turnover of HK\$1,282,248,000, representing an increase of 3.85% as compared with that of HK\$1,234,720,000 for the same period of 2015. Profit for the period was HK\$988,970,000, representing an increase of 56.90% as compared with that of HK\$630,313,000 for the same period of 2015. Profit attributable to the shareholders was HK\$619,989,000, representing an increase of 51.29% as compared with that of HK\$409,793,000 for the same period of 2015. Basic earnings per share attributable to the shareholders were HK20.10 cents, representing an increase of HK6.82 cents as compared with that of HK13.28 cents for the same period of 2015.

The advanced economies have not cast off the weakness resulting from the financial crisis while developing economies were affected by factors such as global economic uncertainties, possible rate hike in the U.S. and strong U.S. dollar, coupled with the uncertainties brought about by Brexit. Slow growth or even downtrend of the global economy was expected in the near term, which may affect the performance of local economy in Hong Kong. The economy of mainland China continued to slow down due to the weakness in the external environment and adjustment of its internal structure. However, increased investments in hi-tech industries and equipment manufacturing as well as the service sector were expected to give a boost to the general economy of mainland China.

Given such factors as global economic uncertainties, volatile financial markets worldwide, weakness in foreign trade, contraction of tourism and retail industries as well as correction of the residential market, economic growth in Hong Kong encountered major restraint in the first half of the year. Turnover of the Company increased slightly as compared with the same period of last year, and gross profit margin increased to 21.44% as compared with that of 19.68% for the same period of last year. Overall profit of the Company posted a relatively large increase as compared with the same period of last year, due to the increase in fair value of investment properties. Taking into consideration the Company's development and cash flow position as a whole, the Board decided not to distribute any interim dividend.

### BUSINESS REVIEW

In the first half of the year, given the sluggish recovery in European and the U.S. economies as well as uncertainties and slower growth of the industry, sales revenue of hi-tech manufacturing businesses remained stable overall. However, keen competition in the market and higher costs of labour, environmental protection and energy dealt a blow to the profitability of hi-tech manufacturing. Among those hi-tech manufacturing businesses, printed circuit board ("PCB") performed well on the growth of flexible PCB and surface mount technology business. Moulds and electroplating operations under plastic business also posted some increments. Intelligent chargers and liquid crystal display ("LCD") ran into difficulties due to the adjustments of major customers' marketing strategies. For the six months ended 30 June 2016, hi-tech manufacturing businesses recorded a turnover of HK\$1,258,221,000, representing an increase of 2.03% as compared with that of HK\$1,233,234,000 for the same period of 2015, and realised an operating profit of HK\$124,852,000, representing an increase of 2.95% as compared with that of HK\$121,270,000 for the same period of 2015.

Shenzhen Aerospace Technology Investment Company Limited\* (深圳市航天高科投資管理有限公司) ("Shenzhen Aerospace") completed the inspection works of Shenzhen Aerospace Science & Technology Plaza. After project delivery in the beginning of the year, Shenzhen Aerospace Technology Property Management Company Limited\* (深圳市航天高科物業管理有限公司), a subsidiary of Shenzhen Aerospace, took over to manage the Plaza. Whole leasing of office space and commercial podium by Shenzhen Aerospace were under way. As at 30 June 2016, Shenzhen Aerospace Science & Technology Plaza was valued at approximately HK\$8,354,312,000.

The construction of the resettlement zone of Complex Zone of the Launching Site in Hainan Province includes resettlement houses, municipal projects, landscaping and ancillary facilities such as housing for the elderly, schools, post offices and hospitals, with a total gross floor area of approximately 186,000 square metres. The resettlement zone is planned to accommodate 134 resettlement houses with 960 households, 34 public and commercial ancillary buildings and 23 municipal roads. As at 30 June 2016, Hainan Aerospace Investment Management Company Limited\* (海南航天投資管理有限公司) completed the preliminary inspection of 88 resettlement houses with 614 households in aggregate and was decorating 46 of them with 346 households, 31 public and commercial ancillary buildings were topped out, 50% of landscaping works were done and 21 roads commenced construction with 16 finished.

Aerospace Digitnexus Information Technology (Shenzhen) Limited\* (航天數聯信息技術(深圳)有限公司) (“Aerospace Digitnexus”) made steady progress in launching its cross-border parcel mail operation. Aerospace Digitnexus cooperated with Kaiping Post to develop a cross-border e-commerce public service platform in Kaiping, in which Kaiping Cross-border E-commerce Express Mail Sorting and Clearance Centre\* (開平市跨境電子商務快件分揀清關中心) commenced operations in April 2016. Furthermore, Aerospace Digitnexus collaborated with the international parcel mail branch of Shenzhen Post to export small parcels to overseas markets, major export destinations at present are Europe, the U.S., Australia and Russia. In July 2016, the Company completed a capital injection of a sum of Hong Kong dollars in equivalent to RMB20,000,000 to Aerospace Digitnexus and introduced Shenzhen Yuan Heng Fu Bang Investment Partnership Enterprise\* (深圳市元亨富邦投資合伙企業) (“Yuan Heng Fu Bang”), who is experienced in e-commerce logistics, to become a strategic partner by investing a sum of Hong Kong dollars in equivalent to RMB25,000,000 in Aerospace Digitnexus. Upon completion of the capital increase and injection, Aerospace Digitnexus was owned as to 72.128% and 27.872% by the Company and Yuan Heng Fu Bang, respectively. It is believed that the capital increase and injection will facilitate the entering of e-commerce logistics market by Aerospace Digitnexus and reduce its liabilities, paving the way for further development.

## PROSPECTS

Looking into the second half of the year, the global economy is expected to maintain a low growth. Being affected by factors as weakness in foreign trade and tourism, it is forecasted that an obvious economic growth could hardly be seen in Hong Kong.

Hi-tech manufacturing businesses of the Company will endeavor to create the conditions required for business upgrade and transformation by speeding up technological innovation and manufacturing specialization, as well as putting more effort in developing the domestic market in mainland China. Major construction works of the new high-density PCB factory were completed in the first half of the year. The whole construction is expected to complete this year and commence production in the next to become a new growing area. The new electroplating factory at Boluo, Huizhou will be equipped with new production lines in due course in order to tap into the auto parts market. Intelligent charger business will look to the establishment of a research centre to speed up the development of the core technologies of battery products, realising the vertical development from low-power battery products to medium-power ones and broadening its market. LCD business will focus on exploring potential customers overseas and enhancing sales capability.

In the second half of the year, Shenzhen Aerospace will strive to finish the whole leasing of office space and commercial podium of Shenzhen Aerospace Science & Technology Plaza, final settlement and audit, and re-financing arrangements. It is anticipated that Shenzhen Aerospace Science & Technology Plaza will bring in a new stable income source to the Company.

The development of the Complex Zone of the Launching Site in Hainan Province will be continued to look for the support from China Aerospace Science & Technology Corporation and the government of Hainan Province aggressively, and the Company will closely monitor the progress of the project and abide by the principles of stringent risk control.

Aerospace Digitnexus has established cross-border e-commerce logistics as its major business direction. In the long term, Aerospace Digitnexus will continue to cooperate with China Post and international logistics companies to consummate the cross-border export channel. It intends to enhance its cross-border import and export services by setting up clearance centres and bonded warehouses, while establish strategic relationships with up and downstream cross-border e-commerce players and rely on the company's internet of things intelligent platform as foundation to build a cross-border e-commerce integrated services platform, so as to provide cross-border e-commerce players with professional services such as efficient and convenient clearance, warehousing and logistics, with the aim of becoming a supply chain logistics provider in the cross-border e-commerce sector. In addition, Aerospace Digitnexus will continue to develop and implement the next-generation intelligent warehouse system based on its existing intelligent warehouse operation to offer customers with services of even better quality.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **RESULTS PERFORMANCE**

The unaudited turnover of the Company and the subsidiaries for the six months ended 30 June 2016 was HK\$1,282,248,000, representing an increase of 3.85% as compared with that of HK\$1,234,720,000 for the same period of 2015. The profit for the year was HK\$988,970,000, representing an increase of 56.90% as compared with that of HK\$630,313,000 for the same period of 2015.

### **PROFIT ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY**

Profit attributable to shareholders of the Company was HK\$619,989,000, representing an increase of 51.29% as compared with that of HK\$409,793,000 for the same period of 2015. Both the turnover and the profits of the major businesses increased and the fair value of investment properties increased substantially, hence, the profit attributable to equity holders of the Company substantially increased as compared to the same period of 2015.

Based on the issued share capital of 3,085,022,000 shares during the period, the basic earnings per share was HK20.10 cents, representing an increase of 51.36% as compared with that of HK13.28 cents for the same period of 2015.

### **DIVIDENDS**

The Board decided not to distribute an interim dividend for 2016.

The distribution of 2015 final dividend of HK1 cent per share was approved by shareholders at the Annual General Meeting in May 2016 and warrants of which were dispatched to all shareholders on 22 June 2016.

### **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 enables 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 individual business risk.

## Hi-tech manufacturing

In the first half of 2016, global macroeconomic downturn and sluggish demands both at home and abroad had resulted in continuous depreciation of various foreign currencies by major countries to promote export. Meanwhile, the manufacturing industry in the mainland China witnessed an obvious accelerated slowdown and continuous rise in labour costs. Manufacturers therefore experienced excess capacities and extremely intense price competition. Under such circumstances, certain businesses under hi-tech manufacturing was also affected significantly with a decrease in orders or the need to offer discounts to retain customers, which led to a decrease in profits. Further, the technological development cannot follow the pace of market needs resulting from rapid market changes and cannot enhance the products' quality on time. Some customers even shifted the manufacturing of OEM products back to their homelands or other regions, making market development extremely difficult.

The turnover of the hi-tech manufacturing businesses for the six months ended 30 June 2016 was HK\$1,258,221,000, representing an increase of 2.03% as compared with the same period of last year; the operating profit was HK\$124,852,000, representing an increase of 2.95% as compared with the same period of last year. The results of the hi-tech manufacturing business are shown below:

|                                   | Turnover (HK\$'000)   |                       |                | Operating Profit (HK\$'000) |                       |                |
|-----------------------------------|-----------------------|-----------------------|----------------|-----------------------------|-----------------------|----------------|
|                                   | First half<br>of 2016 | First half<br>of 2015 | Changes<br>(%) | First half<br>of 2016       | First half<br>of 2015 | Changes<br>(%) |
| Plastic Products                  | <b>536,101</b>        | 463,556               | 15.65          | <b>36,579</b>               | 36,068                | 1.42           |
| Printed Circuit Boards            | <b>310,002</b>        | 252,987               | 22.54          | <b>58,051</b>               | 48,212                | 20.41          |
| Intelligent Chargers              | <b>189,612</b>        | 271,735               | (30.22)        | <b>7,149</b>                | 14,470                | (50.59)        |
| Liquid Crystal Display            | <b>215,095</b>        | 237,674               | (9.50)         | <b>17,177</b>               | 13,742                | 25.00          |
| Industrial Property<br>Investment | <b>7,411</b>          | 7,282                 | 1.77           | <b>5,896</b>                | 8,778                 | (32.83)        |
| <b>Total</b>                      | <b>1,258,221</b>      | <b>1,233,234</b>      | 2.03           | <b>124,852</b>              | <b>121,270</b>        | 2.95           |

Looking forward to the second half of 2016, the competition in the electronic information industry will remain intense. The hi-tech manufacturing strives to explore markets of high end products, continue to put effort in the research and development of new products and market development, raise automation in production, expand in scale and capacity of production, and in the meantime, strives to reduce inventory and receivables, establishes and reaches the target of market diversification soon so as to maintain stable business and sustained development, explores business by ways of merger and acquisition or cooperation etc., in order to ensure a continuous and stable growth of the hi-tech manufacturing.

## The Complex Zone of the Launching Site in Hainan Province

In the first half of 2016, the loss of Hainan Aerospace Investment Management Company Limited\* (海南航天投資管理有限公司) (“Hainan Aerospace”), a joint venture of the Company, attributable to the Company amounted to HK\$2,461,000. In the second half of 2016, the development of the Complex Zone of the Launching Site in Hainan Province will be continued to look for the support from China Aerospace Science & Technology Corporation and the government of Hainan Province aggressively, and the Company will closely monitor the progress of the project and abide by the principles of stringent risk control.

On 1 July 2016, 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, entered into a loan agreement with Hainan Aerospace. Pursuant to which New Century will provide a loan, with a maturity on 30 June 2018, in the sum of RMB45,000,000 to Hainan Aerospace for its working capital. Hainan Aerospace is a connected person of the Company, and the entering into the loan agreement between New Century and Hainan Aerospace constituted a continuing connected transaction of the Company. Detail of which please refer the Company's announcement published on 4 July 2016.

## Shenzhen Aerospace Science & Technology Plaza

In the first half of 2016, Shenzhen Aerospace Technology Investment Company Limited\* (深圳市航天高科技投資管理有限公司)(“Shenzhen Aerospace”) completed the inspections and improvements of Shenzhen Aerospace Science & Technology Plaza, and launched business promotion and leasing. Shenzhen Aerospace Technology Property Management Company Limited\* (深圳市航天高科技物業管理有限公司), its wholly-owned subsidiary, had taken over and commenced the property management of Shenzhen Aerospace Science & Technology Plaza on 1 January 2016. In the second half of 2016, Shenzhen Aerospace will step up those remaining decorations and commence business promotion and leasing as soon as possible, so as to strive for the rental income of Shenzhen Aerospace Science & Technology Plaza, contributing to the Company’s results as early as possible.

Shenzhen Aerospace recorded a fair value gain of investment property of HK\$1,302,853,000 in the first half of 2016. As at 30 June 2016, Shenzhen Aerospace Science & Technology Plaza was valued at approximately HK\$8,354,312,000.

## Internet of Things and Cross-border E-commerce Logistics

In the first half of 2016, Aerospace Digitnexus Information Technology (Shenzhen) Limited\* (航天數聯信息技術(深圳)有限公司) (“Aerospace Digitnexus”) recorded a turnover of HK\$22,749,000 and an operating loss of HK\$3,008,000. During the period, except for continued to maintain and complete the prevailing projects of internet of things, Aerospace Digitnexus completed the establishment of a sorting and customs clearance centre in Kaiping and commenced its operations, and continued to develop an e-commerce logistics service platform. In the second half of 2016, Aerospace Digitnexus will continue to put effort in optimizing its product techniques, and doing well on the development in cold-chain logistics warehouse management while it will develop related business of cross-border e-commerce logistics and e-commerce logistics service platform, and solve the instability of customers’ demand and adjust the business direction of cross-border e-commerce so as to comply with the relevant policies, in order to strive to realize profit as soon as possible.

The Company, through its direct wholly-owned subsidiary, Digilink Systems Limited, increased capital in its direct wholly-owned subsidiary, Aerospace Digitnexus, a sum of Hong Kong dollars in equivalent to RMB20,000,000, whereas Shenzhen Yuan Heng Fu Bang Investment Partnership Enterprise\*(深圳市元亨富邦投資合伙企業) (“Yuan Heng Fu Bang”), an independent third party, invested a sum of Hong Kong dollars in equivalent to RMB25,000,000 in Aerospace Digitnexus, and all the procedures are completed. The Company’s indirect interest in Aerospace Digitnexus is reduced from 100% to 72.128%, and that of Yuan Heng Fu Bang is 27.872%. Detail of which please refer to the Company’s announcement published on 20 July 2016.

## ASSETS

| (HK\$'000)          | 30 June 2016      | 31 December 2015 | Changes(%) |
|---------------------|-------------------|------------------|------------|
| Non-Current Assets  | <b>10,583,557</b> | 8,981,919        | 17.83      |
| Current Assets      | <b>2,934,712</b>  | 2,993,724        | (1.97)     |
| <b>Total Assets</b> | <b>13,518,269</b> | 11,975,643       | 12.88      |

The increase in non-current assets was mainly due to an increase in the input of construction cost and the fair value of investment properties.

The equity attributable to shareholders of the Company was HK\$6,236,523,000, representing an increase of 9.30% as compared with that of HK\$5,705,770,000 as at 31 December 2015. Based on the issued share capital of 3,085,022,000 shares during the period, the net assets per share attributable to shareholders of the Company was HK\$2.02.

As at 30 June 2016, a cash deposit of the Company and the subsidiaries of HK\$33,300,000 had been pledged to banks to obtain credit facilities, and Shenzhen Aerospace had obtained a syndicated loan by securing the investment properties at value of RMB7,168,000,000 to a syndicate comprising banks and a financial institution.

## LIABILITIES

| (HK\$'000)               | 30 June 2016     | 31 December 2015 | Changes(%) |
|--------------------------|------------------|------------------|------------|
| Non-Current Liabilities  | <b>2,615,116</b> | 2,278,002        | 14.80      |
| Current Liabilities      | <b>2,822,882</b> | 2,494,379        | 13.17      |
| <b>Total Liabilities</b> | <b>5,437,998</b> | 4,772,381        | 13.95      |

The increase in non-current liabilities was mainly due to the increase of deferred tax, whereas the increase in current liabilities was mainly due to the payables incurred for the contractors on the completed investment properties. As at 30 June 2016, the Company and the subsidiaries had bank and other borrowings of HK\$1,948,835,000.

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. As at 30 June 2016, Shenzhen Aerospace had drawn down the loan in the amount of RMB1,144,100,000.

## OPERATING EXPENSES

The administrative expenses of the Company and the subsidiaries in the first half of 2016 were HK\$168,963,000, representing an increase of 7.86% as compared with the same period last year. The finance costs amounted to HK\$48,305,000, of which HK\$32,496,000 had been capitalized and recorded as the construction cost of Shenzhen Aerospace Science & Technology Plaza.

## CONTINGENT LIABILITIES

As at 30 June 2016, the Company and the subsidiaries did not have any other material contingent liabilities.

## FINANCIAL RATIOS

|                      | First half of 2016 | First half of 2015 |
|----------------------|--------------------|--------------------|
| Gross Profit Margin  | <b>21.44%</b>      | 19.68%             |
| Return on Net Assets | <b>12.24%</b>      | 9.65%              |

  

|                          | 30 June 2016  | 31 December 2015 |
|--------------------------|---------------|------------------|
| Assets-Liabilities Ratio | <b>40.23%</b> | 39.85%           |
| Current Ratio            | <b>1.04</b>   | 1.20             |
| Quick Ratio              | <b>0.94</b>   | 1.10             |

## LIQUIDITY

The source of funds of the Company and the subsidiaries mainly relies on internal resources, banking facilities and short term deposits. As at 30 June 2016, the free cash and bank balance amounted to HK\$1,963,986,000, the majority of which were in Hong Kong Dollars and Renminbi.



## **CAPITAL EXPENDITURE AND INVESTMENT COMMITMENT**

As at 30 June 2016, the capital commitments of the Company and the relevant subsidiaries contracted for but not provided in the condensed consolidated financial statements was HK\$131,455,000, mainly for the acquisition of fixed assets.

## **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 30 June 2016, the Company and the subsidiaries had a total of approximately 6,700 employees based in the mainland 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 first half of 2016.

## **CORPORATE GOVERNANCE**

For the six months ended 30 June 2016, the Company had complied throughout the period 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.

As at 30 June 2016, save for Mr Zhang Jianheng, Mr Chen Xuechuan and Mr Shi Weiguo, the Directors of the Company, are the officers of China Aerospace Science & Technology Corporation, the substantial shareholder of the Company, none of the directors, chief executives or their associates have any beneficial or non-beneficial interests or short positions 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*.

## **AUDIT COMMITTEE**

The Audit Committee of the Company currently has a membership comprising two Independent Non-Executive Directors, Mr Luo Zhenbang (Chairman) and Ms Leung Sau Fan, Sylvia, and a Non-Executive Director, Mr Shi Weiguo. The major responsibilities of the Audit Committee include serving as a focal point for communication between the Directors and external auditors in reviewing the Company's financial information as well as overseeing the Company's financial reporting system, risk management and internal control procedures.

The Audit Committee of the Company reviewed, discussed and approved the unaudited condensed consolidated financial statements for the six months ended 30 June 2016 that had been reviewed by the auditor, Deloitte Touche Tohmatsu.

## **REMUNERATION COMMITTEE**

The Remuneration Committee of the Company currently has a membership comprising two Independent Non-Executive Directors, Ms Leung Sau Fan, Sylvia (Chairman) and Mr Wang Xiaojun, and a Non-Executive Director, Mr Chen Xuechuan. 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**

The Nomination Committee of the Company currently has a membership comprising two Non-Executive Directors, Mr Zhang Jianheng (Chairman) and Mr Chen Xuechuan, and three Independent Non-Executive Directors, Mr Luo Zhenbang, Ms Leung Sau Fan, Sylvia and Mr Wang Xiaojun. The responsibilities of the Nomination Committee are to review the structure, the number of members and its composition for the execution of the Company's policy.

## **STATEMENT OF COMPLIANCE**

The financial information relating to the year ended 31 December 2015 that is included in the half-year Interim Report 2016 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

## EVENTS AFTER THE REPORTING PERIOD

On 1 July 2016, 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, entered into a loan agreement with Hainan Aerospace Investment Management Company Limited\* (海南航天投資管理有限公司) (“Hainan Aerospace”). Pursuant to which New Century will provide a loan, with a maturity on 30 June 2018, in the sum of RMB45,000,000 to Hainan Aerospace for its working capital. Hainan Aerospace is a connected person of the Company, and the entering into the loan agreement between New Century and Hainan Aerospace constituted a continuing connected transaction of the Company. Detail of which please refer the Company’s announcement published on 4 July 2016.

The Company through its direct wholly-owned subsidiary, Digilink Systems Limited, increased capital in its direct wholly-owned subsidiary, Aerospace Digitnexus Information Technology (Shenzhen) Limited\*(航天數聯信息技術(深圳)有限公司)(“Aerospace Digitnexus”), a sum of Hong Kong dollars in equivalent to RMB20,000,000, whereas Shenzhen Yuan Heng Fu Bang Investment Partnership Enterprise\*(深圳市元亨富邦投資合伙企業)(“Yuan Heng Fu Bang”), an independent third party, invested a sum of Hong Kong dollars in equivalent to RMB25,000,000 in Aerospace Digitnexus, and all the procedures are completed. The Company’s indirect interest in Aerospace Digitnexus is reduced from 100% to 72.128%, and that of Yuan Heng Fu Bang is 27.872%. Details of which please refer to the announcement of the Company dated 20 July 2016.

## APPRECIATION

I hereby express my profound gratitude to my fellow Directors and all staff of the Company for their dedication, loyal services and invaluable contributions during the past year. Grateful thanks are also due to shareholders, bankers, business partners and members of the community who have supported the Company’s development all along.

By order of the Board,  
**Zhang Jianheng**  
Chairman

Hong Kong, 23 August 2016

*At the date of this announcement, the Board of Directors of the Company comprises:*

| <b><i>Executive Directors</i></b>  | <b><i>Non-Executive Directors</i></b> | <b><i>Independent Non-Executive Directors</i></b> |
|------------------------------------|---------------------------------------|---|
| Mr Li Hongjun ( <i>President</i> ) | Mr Zhang Jianheng ( <i>Chairman</i> ) | Mr Luo Zhenbang                                   |
| Mr Jin Xuesheng                    | Mr Chen Xuechuan                      | Ms Leung Sau Fan, Sylvia                          |
|                                    | Mr Shi Weiguo                         | Mr Wang Xiaojun                                   |

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