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 2018

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 2018.

SUMMARY OF RESULTS

The audited consolidated results of the Group for the year ended 31 December 2018 and the comparative figures of the same period in 2017 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2018

	NOTES	**2018** **HK$'000**	2017 *HK$'000*
Turnover	3	**3,690,804**	3,661,325
Cost of sales		**(2,794,220)**	(2,637,087)
Gross profit		**896,584**	1,024,238
Other income	4	**71,815**	68,082
Impairment loss, net of reversal, for doubtful debts		**(45,225)**	(4,127)
Other gains and losses	4	**(7,635)**	(30,632)
Gain on deemed disposal of an associate		**41,121**	—
Selling and distribution expenses		**(56,783)**	(53,482)
Administrative expenses		**(299,318)**	(337,674)
Research and development expenses		**(86,345)**	(79,192)
Fair value changes of investment properties		**205,401**	405,283
Finance costs		**(66,598)**	(57,217)
Share of results of associates		**16,718**	6,075
Share of results of joint ventures		**(4,371)**	(9,629)
Profit before taxation	5	**665,364**	931,725
Taxation	6	**(145,184)**	(264,908)
Profit for the year		**520,180**	666,817

	NOTE	2018 HK$'000	2017 HK$'000
Profit for the year attributable to:			
Owners of the Company		**404,115**	486,183
Non-controlling interests		**116,065**	180,634
		520,180	666,817
Earnings per share	7		
Basic		**HK13.10 cents**	HK15.76 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 HK$'000	2017 HK$'000
Profit for the year	**520,180**	666,817
Other comprehensive (expense) income includes:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations		
- subsidiaries	**(389,300)**	527,885
- associates	**(7,884)**	10,365
- joint ventures	**(34,236)**	50,756
Reclassification adjustments for the cumulative exchange differences upon disposal of a foreign operation	**(982)**	—
Reclassification adjustments for the cumulative exchange differences upon deemed disposal of an associate	**4,444**	—
Reclassification adjustments for the cumulative exchange differences upon deregistration of a foreign operation	—	19,564
	(427,958)	608,570
Items that will not be reclassified to profit or loss:		
Revaluation surplus on certain properties transferred to investment properties, net of tax	—	19,513
Other comprehensive (expense) income for the year	**(427,958)**	628,083
Total comprehensive income for the year	**92,222**	1,294,900
Total comprehensive income for the year attributable to:		
Owners of the Company	**86,183**	962,167
Non-controlling interests	**6,039**	332,733
	92,222	1,294,900

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2018

	NOTES	**2018** **HK$'000**	2017 HK$'000
Non-current assets			
Property, plant and equipment		**1,132,630**	1,104,487
Prepaid lease payments		**86,808**	97,390
Investment properties		**9,179,973**	9,568,215
Interests in associates		**192,680**	142,725
Interests in joint ventures		**714,623**	753,230
Deposit paid for property, plant and equipment		**31,929**	56,975
Other long term assets		**180,132**	124,653
		11,518,775	11,847,675
Current assets			
Inventories		**364,556**	348,216
Trade and other receivables	9	**1,437,610**	1,277,204
Prepaid lease payments		**4,138**	4,176
Amount due from a related party		**5,745**	851
Financial assets at fair value through profit or loss		**7,456**	13,720
Pledged bank deposits		**14,572**	20,098
Short-term bank deposits		**7,800**	—
Bank balances and cash		**958,628**	1,063,168
		2,800,505	2,727,433
Current liabilities			
Trade and other payables	10	**1,079,924**	1,550,229
Contract liabilities		**115,011**	—
Taxation payable		**45,576**	81,241
Unsecured bank borrowings		—	19,185
Other loan		**8,163**	8,594
Loan from a controlling shareholder		—	599,520
		1,248,674	2,258,769
Net current assets		**1,551,831**	468,664
Total assets less current liabilities		**13,070,606**	12,316,339
Non-current liabilities			
Loan from a controlling shareholder		**569,476**	—
Loan from a related party		**898,747**	676,379
Deferred taxation		**2,422,016**	2,433,748
		3,890,239	3,110,127
		9,180,367	9,206,212

	2018	2017
	HK$'000	*HK$'000*
Capital and reserves		
Share capital	**1,154,511**	1,154,511
Reserves	**5,929,746**	5,936,114
Equity attributable to owners of the Company	**7,084,257**	7,090,625
Non-controlling interests	**2,096,110**	2,115,587
	9,180,367	9,206,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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 (the "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 "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 AMENDMENTS TO HKFRSs

The Group has applied the following new and amendments to HKFRSs and an interpretation issued by the HKICPA for the first time in the current year:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC) - Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 "Financial Instruments" with HKFRS 4 "Insurance Contracts"
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014 - 2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs and the interpretation 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.

HKFRS 15 "Revenue from Contracts with Customers"

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and the related interpretations.

The Group recognises revenue from the following major sources which arise from contracts with customers:

- Sale of manufacturing products
- Rendering of building management of services
- Rendering of logistic services

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

	Note	**Carrying amount previously reported at 31 December 2017**	**Impacts of adopting HKFRS 15**	**Carrying amount under HKFRS 15 at 1 January 2018**
Current liabilities		HK$'000	HK$'000	HK$'000
Trade and other payables	a	1,550,229	(100,184)	1,450,045
Contract liabilities	a	–	100,184	100,184

Note:

(a) As at 1 January 2018, advances from customers of HK$100,184,000 in respect of purchase orders of goods placed with the Group previously included in the trade and other payables were reclassified to contract liabilities as the Group has obligations to transfer goods or services to its customers for which the Group has received consideration from the customer.

The application of HKFRS 15 has had no material impact on the Group's retained profits as at 1 January 2018.

The following tables summarise the impacts of applying HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position for the year ended 31 December 2018

	Note	**As reported**	**Reclassification**	**Amounts without application of HKFRS 15**
		HK$'000	HK$'000	HK$'000
Trade and other payables	a	1,079,924	115,011	1,194,935
Contract liabilities	a	115,011	(115,011)	–

Note:

(a) As at 31 December 2018, an amount of HK$115,011,000 in respect of future purchases to be made by customers was classified as contract liabilities and the amount shall remain as it is and included in trade and other payables without application of HKFRS 15.

HKFRS 9 "Financial Instruments"

In the current year, the Group has applied HKFRS 9 "Financial Instruments" and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses ("ECL") for financial assets and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 "Financial Instruments: Recognition and Measurement".

The directors of the Company reviewed and assessed the Group's financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date. There is no change in measurement on the Group's financial assets.

Summary of effects arising from initial application of HKFRS 9

Below illustrates the classification and measurement of financial assets and financial liabilities and other items subject to ECL under HKFRS 9 and HKAS 39 at the date of initial application, 1 January 2018.

(a) Reclassification from available-for-sale ("AFS") equity investment to equity instrument at fair value through profit or loss ("FVTPL")

At the date of initial application of HKFRS 9, the Group's equity investments were reclassified from available-for-sale investments to financial assets at FVTPL. No fair value adjustment relating to this unquoted equity investment previously carried at cost less impairment was adjusted to equity instrument at FVTPL and retained profits as at 1 January 2018 because the carrying value under HKAS 39 was fully impaired in prior years.

(b) Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for trade receivables. Except for those which had been determined as credit impaired under HKAS 39, trade receivables have been assessed individually with outstanding significant balances, the remaining balances are grouped based on internal credit rating.

Except for those which had been determined as credit impaired under HKAS 39, ECL for other long-term assets and other financial assets at amortised cost, including pledged bank deposits, short-term bank deposits, bank balances, amount due from a related party and other receivables, are assessed on 12m ECL basis as there had been no significant increase in credit risk since initial recognition, except for the other receivables which are assessed and measured on lifetime ECL basis as those credit risk had increased significantly since initial recognition.

As at 1 January 2018, no additional credit loss allowance has been recognised against retained profits as the estimated allowance under the ECL model was not significantly different to that under HKAS 39 based on the counterparties' past repayment history and forward looking information.

3. SEGMENT INFORMATION

The Group determines its operating and reportable segments based on the internal reports reviewed by the President, the chief operating decision maker ("CODM") of the Group, that are used to make strategic decisions. There were 8 operating and reportable segments, namely Hi-Tech Manufacturing Business (including plastic products, liquid crystal display, printed circuit boards, intelligent chargers and industrial property investment), Aerospace Service (including property investment in Shenzhen Aerospace Science & Technology Plaza, Internet of Things and Cross-border e-commerce) which represent the major industries in which the Group is engaged.

Other business represents income and expenses relating to investment properties which cannot be allocated to other operating segments.

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

For the year ended 31 December 2018

	Turnover			
	External sales *HK$'000*	**Inter-segment sales** *HK$'000*	**Total** *HK$'000*	**Segment results** *HK$'000*
Hi-Tech Manufacturing Business				
Plastic products	**1,192,091**	**50,189**	**1,242,280**	**44,449**
Liquid crystal display	**623,195**	**346**	**623,541**	**52,782**
Printed circuit boards	**862,348**	**—**	**862,348**	**63,474**
Intelligent chargers	**542,799**	**1,939**	**544,738**	**20,852**
Industrial property investment	**14,671**	**21,269**	**35,940**	**33,175**
	3,235,104	**73,743**	**3,308,847**	**214,732**
Aerospace Service				
Property investment in Shenzhen Aerospace Science & Technology Plaza	**419,109**	**6,127**	**425,236**	**515,821**
Internet of Things	**513**	**—**	**513**	**(2,015)**
Cross-border e-commerce	**31,972**	**—**	**31,972**	**(35,118)**
	451,594	**6,127**	**457,721**	**478,688**
Reportable segment total	**3,686,698**	**79,870**	**3,766,568**	**693,420**
Elimination	**—**	**(79,870)**	**(79,870)**	**—**
Other Business	**4,106**	**—**	**4,106**	**5,135**
	3,690,804	**—**	**3,690,804**	**698,555**
Unallocated corporate income				**45,945**
Unallocated corporate expenses				**(74,647)**
				669,853
Share of results of associates				**16,718**
Share of results of joint ventures				**(4,371)**
Finance costs				**(66,598)**
Gain on deemed disposal of an associate				**41,121**
Gain on disposal of a subsidiary				**8,641**
Profit before taxation				**665,364**

For the year ended 31 December 2017

	Turnover			
	External sales *HK$'000*	Inter-segment sales *HK$'000*	Total *HK$'000*	Segment results *HK$'000*
Hi-Tech Manufacturing Business				
Plastic products	1,227,047	59,205	1,286,252	87,619
Liquid crystal display	623,696	930	624,626	55,162
Printed circuit boards	780,295	—	780,295	86,158
Intelligent chargers	519,636	1,874	521,510	38,109
Industrial property investment	15,953	19,256	35,209	25,053
	3,166,627	81,265	3,247,892	292,101
Aerospace Service				
Property investment in Shenzhen Aerospace Science & Technology Plaza	394,121	2,622	396,743	734,499
Internet of Things	46,491	—	46,491	13,395
Cross-border e-commerce	47,680	—	47,680	(4,219)
	488,292	2,622	490,914	743,675
Reportable segment total	3,654,919	83,887	3,738,806	1,035,776
Elimination	—	(83,887)	(83,887)	—
Other Business	6,406	—	6,406	10,174
	3,661,325	—	3,661,325	1,045,950
Unallocated corporate income				46,563
Unallocated corporate expenses				(80,453)
				1,012,060
Share of results of associates				6,075
Share of results of joint ventures				(9,629)
Finance costs				(57,217)
Loss on deregistration of a subsidiary				(19,564)
Profit before taxation				931,725

The accounting policies of the operating and reportable 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, gain on deemed disposal of an associate, gain on disposal of a subsidiary, loss on deregistration of a subsidiary 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

	2018	2017
	HK$'000	*HK$'000*
The Group's other income mainly comprises:		
Interest income	**10,160**	14,824
Sales of scrap materials	**10,818**	9,141
Government subsidies in respect of research expenses	**9,951**	4,379
The Group's other gains and losses mainly comprise:		
Net exchange (loss) gain	**(9,053)**	4,396
Net loss from change in fair value of financial assets at fair value through profit or loss	**(3,841)**	(11,955)
Loss on disposal/written off of property, plant and equipment	**(3,427)**	(2,669)
Loss on disposal of prepaid lease payments	—	(840)
Gain on disposal of a subsidiary	**8,641**	—
Loss on deregistration of a subsidiary	—	(19,564)

5. PROFIT BEFORE TAXATION

	2018	2017
	HK$'000	*HK$'000*
Profit before taxation has been arrived at after charging (crediting):		
Amortisation of prepaid lease payments	**3,667**	3,521
Auditors' remuneration		
- current year	**4,640**	4,806
- overprovision in prior years	**(215)**	(6)
Cost of inventories charged to profit or loss including reversal of allowance for obsolete inventories of HK$132,000 (2017: allowance for obsolete inventories of HK$270,000)	**2,727,432**	2,583,150
Depreciation of property, plant and equipment	**146,632**	117,476
Minimum lease payments under operating leases in respect of land and buildings	**32,029**	21,420
Research and development expenses	**86,345**	79,192
Staff costs, including directors' remuneration	**680,472**	640,111
Impairment loss, net of reversal, for doubtful debts	**(45,225)**	(4,127)
Gross rental income	**(359,072)**	(356,120)
Less: Direct operating expenses for investment properties that generated rental income during the year	**8,237**	7,815
	(350,835)	(348,305)

6. TAXATION

	2018	2017
	HK$'000	*HK$'000*
The tax charge (credit) for the year comprises:		
Current tax		
Hong Kong Profits Tax	**8,216**	30,644
PRC Enterprise Income Tax	**23,255**	26,955
Taxation in other jurisdiction	–	146
Withholding tax on distribution of profits in a Canadian subsidiary	–	405
	31,471	58,150
Overprovision in prior years		
Hong Kong Profits Tax	**(90)**	(100)
PRC Enterprise Income Tax	**(69)**	(2,356)
	(159)	(2,456)
Deferred tax charge	**113,872**	209,214
	145,184	264,908

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%. The profits of group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, starting from the current year, the Hong Kong profits tax is calculated at 8.25% on the first HK$2 million of the estimated assessable profits for the qualifying group entity and at 16.5% on the estimated assessable profits above HK$2 million.

For the year ended 31 December 2017, Hong Kong Profits Tax was calculated at a single flat rate of 16.5% of the estimated assessable profits.

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 subsidiaries in the People's Republic of China other than Hong Kong (the "PRC") is 25%. Four subsidiaries (2017: four 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 jurisdiction and withholding tax on dividend income are calculated at the rate prevailing in the relevant jurisdiction.

7. EARNINGS PER SHARE

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

	2018	2017
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**404,115**	486,183

	2018	2017
	Number of shares	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 have been presented as there were no potential ordinary shares outstanding for both years.

8. DIVIDENDS

	2018	2017
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2017 final dividend of HK3 cents (2017: 2016 final dividend of HK2 cents) per ordinary share	**92,551**	61,700

A final dividend of HK1 cent per share in respect of the year ended 31 December 2018 (2017: HK3 cents) has been proposed by the board of directors of the Company and is subject to approval by the shareholders of the Company in the forthcoming annual general meeting.

9. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables		
- arising from contracts with customers	**949,813**	911,299
- rental receivables	**141,868**	35,412
Less: Allowance for doubtful debts	**(74,281)**	(31,735)
	1,017,400	914,976
Other receivables, deposits and prepayments	**420,210**	362,228
	1,437,610	1,277,204

Included in the Group's trade receivables at 31 December 2018 is bills receivables of HK$109,736,000 (2017: HK$158,354,000). Included in the Group's other receivables, deposits and prepayments at 31 December 2018 is current portion of other long term assets of HK$286,323,000 (2017: HK$289,116,000) and value-added tax recoverable of HK$51,516,000 (2017: HK$46,430,000).

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

	2018	2017
	HK$'000	*HK$'000*
Within 90 days	**870,991**	840,166
Between 91 - 180 days	**134,485**	60,286
Between 181 - 365 days	**11,924**	14,524
	1,017,400	914,976

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.

No credit period was granted to tenants of rental of premises. Before accepting any new tenants, the Group will internally assess the credit quality of the potential tenant.

10. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**430,461**	470,925
Accrued charges	**169,875**	178,313
Receipt in advance	**30,325**	132,413
Other payables	**449,263**	768,578
	1,079,924	1,550,229

Other payables included an amount of HK$54,000,000 (2017: HK$54,000,000) received on behalf of China Aerospace Science & Technology Corporation and payables with respect to development costs for investment properties of HK$92,152,000 (2017: HK$388,294,000).

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

	2018	2017
	HK$'000	*HK$'000*
Within 90 days	**389,714**	377,785
Between 91 - 180 days	**940**	29,475
Between 181 - 365 days	**30,964**	57,764
Over 1 year	**8,843**	5,901
	430,461	470,925

CHAIRMAN'S STATEMENT

OVERVIEW

In 2018, the global macroeconomic environment gradually deteriorated. Factors such as the Brexit negotiations, the US-China trade disputes, uncertainties of interest rate policy and lingering geopolitical risks caused uncertainties as to the economic prospects of Europe, the US, China and emerging markets, and affecting consumers' confidence. Economic weakness of the global market and the decline in demand for consumer electronics products made a considerable impact on the Company's manufacturing business. Despite facing the challenges, the Company took effective measures to maintain steady business operations in general.

For the year ended 31 December 2018, the Company and its subsidiaries reported a turnover of HK$3,690,804,000 (2017: HK$3,661,325,000), representing a slight increase as compared with that of last year. The increase in operating costs put overall gross profit under pressure, with gross profit margin decreasing from 27.97% last year to 24.29%. If the change in fair value of investment properties and the related effects on deferred taxation and non-controlling interests were taken out, the profit attributable to shareholders of the Company would be HK$324,642,000 for 2018 (2017: HK$334,481,000), representing a decrease of 2.94% from last year.

In 2018, including the impact of change in fair value of investment properties, the Company and its subsidiaries recorded a profit of HK$520,180,000, representing a decrease of 21.99% as compared with that of HK$666,817,000 in 2017. Profit attributable to shareholders was HK$404,115,000, representing a decrease of 16.88% as compared with that of HK$486,183,000 in 2017; earnings per share attributable to shareholders was HK13.10 cents (2017: HK15.76 cents).

Considering the development needs and funding position of the Company as a whole, the Board recommended the payment of a dividend of HK1 cent per share for the year.

BUSINESS REVIEW

In 2018, the turnover of the hi-tech manufacturing business remained stable but profitability was under pressure; Shenzhen Aerospace Science & Technology Plaza provided a stable income for the Company; and the internet of things application and cross-border e-commerce logistics business was greatly affected by policies, resulting in a decrease in turnover.

Hi-tech Manufacturing

In 2018, the hi-tech manufacturing business was affected by factors such as the US-China trade disputes, rising costs, depreciation of new fixed assets, plant relocation and exchange rate fluctuations, resulting in a stable turnover despite profitability under pressure. Turnover of the hi-tech manufacturing business for the year was HK$3,235,104,000 (2017: HK$3,166,627,000), representing an increase of 2.16% as compared with last year; operating profit was HK$214,732,000 (2017: HK$292,101,000), representing a decrease of 26.49% as compared with last year.

Orders from the plastic product business decreased as some customers relocated their production sites to other countries. The market for office equipment was relatively stable, and the newly developed high-end audio equipment and auto part products became new growth drivers. The lead-acid battery business was affected by factors such as environmental protection policies, consumption tax policy and the US-China trade dispute, leading to a decrease in sales as compared with last year. Development of the electroplating business was relatively stable, the operation of the new electroplating gantry line resulted in product diversification, with product offerings expanding from electroplating products of digital electronics to auto parts and home appliances. The intelligent charger business began to stabilise after reaching its trough in the past two years, and sales increased as compared with last year. The sales of new product of mini projectors were good in overseas markets, whereas those specifically manufactured for new domestic customers also contributed to sales growth.

The printed circuit board ("PCB") business was affected by factors such as the increase in depreciation and fixed costs of new plants and ancillary facilities and price cut requested by customers, resulting in a lower profitability. During the year, the successful introduction of customers from the markets of optoelectronic applications and fingerprint recognition became new growth drivers. The liquid crystal display ("LCD") business achieved satisfactory results given the successful acquisition of large orders in the thin-film transistor ("TFT") module market and LCD OEM market, as well as the completion of development of certain TFT module product series.

Shenzhen Aerospace Science & Technology Plaza

In 2018, Shenzhen Aerospace Technology Investment Company Limited* (深圳市航天高科投資管理有限公司) ("Shenzhen Aerospace") and its wholly owned subsidiary Shenzhen Aerospace Technology Property Management Company Limited* (深圳市航天高科物業管理有限公司) recorded a total turnover of HK$419,109,000, representing an increase of 6.34% as compared with that of HK$394,121,000 in 2017, and an operating profit of HK$515,821,000, representing a decrease of 29.77% as compared with that of HK$734,499,000 in 2017; if excluding the impact of change in fair value of investment properties, the operating profit would be HK$338,036,000. Property leasing made a good progress with tenants mainly being high-tech and financial enterprises. As of the end of 2018, the valuation of Shenzhen Aerospace Science & Technology Plaza was approximately RMB7,692,000,000 (2017: RMB7,642,000,000).

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

In 2018, the cross-border e-commerce logistics business, the major business of Aerospace Digitnexus Information Technology (Shenzhen) Limited* (航天數聯信息技術(深圳)有限公司) ("Aerospace Digitnexus"), was affected by adjustments to customs policies. The business of internet of things application was under transformation, whereas the newly introduced electronic label tracking business was still under incubation. These factors caused the overall business performance of Aerospace Digitnexus to miss expectation. As of 31 December 2018, the turnover of Aerospace Digitnexus was approximately HK$32,485,000, representing a decrease of 65.50% as compared with that of HK$94,171,000 in 2017; the operating loss was approximately HK$37,133,000 (2017: operating profit: HK$9,176,000).

The Complex Zone of the Launching Site in Hainan

Following the termination of the Land Development Agreement of the Complex Zone of the Launching Site in Hainan by 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, and the Municipal Government of Wenchang City ("Wenchang Municipal Government") on 23 June 2017 (the "Settlement Agreement"), under which Wenchang Municipal Government returned a sum of RMB290,000,000 out of the project funds of RMB1,333,808,100 to Hainan Aerospace, and undertook to return the remaining portion by assets of equivalent value or cash to Hainan Aerospace by 31 December 2019. Hainan Aerospace is in negotiation with Wenchang Municipal Government for the arrangements of the return of the remaining project funds.

As of 31 December 2018, the carrying amount of the Company's interest in Hainan Aerospace was HK$646,754,000 (2017: HK$686,154,000). The Company's share of loss of Hainan Aerospace for the year ended 31 December 2018 was HK$5,229,000 (2017: HK$10,566,000), representing a significant decrease of 50.51% as compared with 2017.

Others

With the support of the Company's controlling shareholder, China Aerospace Science & Technology Corporation ("CASC"), the Company's wholly owned subsidiary, CASIL New Century Technology Development (Shenzhen) Company Limited* (航科新世紀科技發展（深圳）有限公司) , CASC and Bank of Beijing renewed an unsecured entrusted loan of RMB500,000,000 for another five years during the year, allowing the Company and its subsidiaries to obtain funds for business development at a stable and low finance cost.

CASC used to hold the equity interest of the Company through its wholly-owned subsidiaries, namely Burhill Company Limited, Jetcote Investments Limited and Sin King Enterprises Company Limited. After CASC completed the reorganisation of the shareholding structure of the three companies during the year, Burhil Company Limited directly owns 1,183,598,636 shares of the Company, representing 38.37% of the issued shares, and Jetcote and Sin King ceased to hold any shares of the Company.

PROSPECTS

Looking into 2019, the US-China trade dispute may be alleviated, but trade protectionism will bring uncertainty to global trade. Factors such as continued trade dispute and financial market volatility are expected to affect investment and economic confidence, increasing downside risks of the economy. Nevertheless, Hong Kong and its surrounding areas will benefit as China continues to strategically focus on the implementation of policies in relation to the "Belt and Road" and "Greater Bay Area" and introduces measures to strengthen internal demand. In the face of possible continued slowdown in global and Hong Kong economies, the Company will work on risks and internal control management, and will adhere to the principles of prudent operation and stringent risk control while actively pushing forward with various tasks.

In 2019, the hi-tech manufacturing business will enhance its marketing, continue to consolidate its existing premium customer base, increase investment in automation transformation, and strengthen research and development to enhance competitiveness generally. As for the plastic product business, it will vigorously develop domestic and overseas markets, strive to expand new markets such as new types of financial equipment, AI equipment, automobiles, energy storage equipment, and integrate its advantages to develop business in the market of military-civilian integration. In connection with the intelligent charger business, it will accelerate the development of power-related core technologies and enhance its technologies in power supply to pave the way for market transformation. Regarding the PCB business, it will explore new regional markets and areas of application, and increase the share of revenue from high-precision PCBs. In relation to the LCD business, it will commence the construction of a new liquid crystal module ("LCM") plant and actively seek new development opportunities so as to achieve business upgrade and transformation.

According to the Settlement Agreement entered into between Hainan Aerospace and Wenchang Municipal Government, Wenchang Municipal Government undertook to return the remaining project funds to Hainan Aerospace by 31 December 2019. With the support of CASC, the Company will assist Hainan Aerospace in full force in negotiating with Wenchang Municipal Government and Hainan Provincial Government to arrange for the return of funds.

The Company will review the development strategy of the internet of things application and cross-border e-commerce logistics business, and take timely measures to improve business operations and control investment risks.

The Chinese economy is shifting to the high-quality development stage, and the country is in the critical period of economic structure optimisation and growth momentum transformation. At the same time, the Chinese government's efforts to formulate policies and plans for the "Belt and Road" and "Greater Bay Area" have brought rare opportunities for the Company's development. In August 2018, CASC held its seventh working meeting since its establishment in 1999, clearly setting out the blueprint for building an aerospace superpower. Going forward, CASC will gradually work to transform into a world-class aerospace enterprise group to help China become one of the world's aerospace superpowers, based on which it will further help China to completely transform into an aerospace superpower in the world. Given that China vigorously promotes military-civilian integration and actively develops the commercial aerospace industry, CASC will strive to achieve aerospace technology application and service industry transformation and upgrade, and strengthen the development in areas such as energy conservation and environmental protection, advanced materials, electronic information and production services. Meanwhile, CASC will formulate plans for core technology development for industries such as high-end equipment and smart manufacturing, new materials, cloud computing, big data and bioastronautics.

As the only overseas listed company directly held by CASC, the Company will bring its unique advantages into play in the development of CASC and serve the internationalisation strategy of CASC. In the future, the Company will follow the fields of advanced manufacturing, modern service industry and high-tech industry, insist on innovation and development, military-civilian integration and capital operation, coordinate international and domestic markets, promote high-quality development, and build into a first-class aerospace technology enterprise. It is believed that with the leadership and support of CASC, the Company will be able to contribute to the establishment of the international business flagship of CASC, so as to create greater investment value and return for shareholders!

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS PERFORMANCE

The turnover of the Company and the subsidiaries for the year ended 31 December 2018 was HK$3,690,804,000, representing an increase of 0.81% as compared with that of HK$3,661,325,000 for 2017. The profit of this year was HK$520,180,000, representing a decrease of 21.99% as compared with that of HK$666,817,000 for 2017.

PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

Profit attributable to the owners of the Company was HK$404,115,000, representing a decrease of 16.88% as compared with that of HK$486,183,000 for 2017.

The decrease in profit attributable to the owners was mainly due to a decrease in both the operating profit of this year and the fair value gain of investment properties.

Based on the issued share capital of 3,085,022,000 shares during the year, the basic earnings per share was HK13.10 cents, representing a decrease of 16.88% as compared with that of HK15.76 cents for 2017.

DIVIDENDS

The Board considered that the operating profit was less than last year and a need to retain capital to explore development projects, hence, it proposed the distribution of 2018 final dividend of HK1 cent per share, subject to the approval by shareholders at the Annual General Meeting to be held on 31 May 2019. If approved, warrants of which will be dispatched to all shareholders on or about 26 June 2019.

The distribution of 2017 final dividend of HK3 cents per share was approved by shareholders at the Annual General Meeting in May 2018 and warrants of which were dispatched to all shareholders on 22 June 2018.

RESULTS OF CORE BUSINESSES

The core businesses of the Company and the subsidiaries are hi-tech manufacturing, internet of things application and cross border e-commerce logistics, and the operation of Shenzhen Aerospace Science & Technology Plaza.

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. In recent years, the Company has gradually developed other new businesses. With the completion of Shenzhen Aerospace Science & Technology Plaza and that being turned into asset management, it brought in constant rental revenue and relatively minimized the Company’s individual business risk in the past.

Hi-tech Manufacturing

In 2018, the global economy maintained a steady growth in the first half of the year. With uncertain factors affecting the global economy in the second half of the year such as the US-China trade dispute, fluctuations of exchange rate, increase in interest rate, the continued increase in labour costs, the demand of electronic consumer goods slow down rapidly and many foreign companies move to the South East Asian countries gradually to reduce costs, the already intense competition being faced by hi-tech manufacturing was further impacted. Except for the continued strengthening the research and development of new products and exploring high end product markets, the hi-tech manufacturing strived to develop the Mainland’s market so as to reduce market risks.

The turnover of the hi-tech manufacturing business for the year ended 31 December 2018 was HK$3,235,104,000, representing an increase of 2.16% as compared with last year; the operating profit was HK$214,732,000, representing a decrease of 26.49% as compared with last year. The results of the hi-tech manufacturing business are shown below:

	Turnover (HK$'000)			Operating Profit (HK$'000)		
	2018	2017	Changes (%)	**2018**	2017	Changes (%)
Plastic Products	**1,192,091**	1,227,047	(2.85)	**44,449**	87,619	(49.27)
Printed Circuit Boards	**862,348**	780,295	10.52	**63,474**	86,158	(26.33)
Intelligent Chargers	**542,799**	519,636	4.46	**20,852**	38,109	(45.28)
Liquid Crystal Display	**623,195**	623,696	(0.08)	**52,782**	55,162	(4.31)
Industrial Property Investment	**14,671**	15,953	(8.04)	**33,175**	25,053	32.42
Total	**3,235,104**	3,166,627	2.16	**214,732**	292,101	(26.49)

Looking forward to 2019, the global economy is yet to be optimistic while the competition in the electronic information industry will remain intense. The hi-tech manufacturing continues to put effort in the research and development of new products and marketing, enhancing the level of automation in production, and expanding the scale and capacity of production. In the meantime, it strives to reduce inventory and receivables, maintain stable business and sustainable development and ensure its continuous and stable growth.

Shenzhen Aerospace Science & Technology Plaza

In 2018, the rental income of Shenzhen Aerospace Science & Technology Plaza under Shenzhen Aerospace Technology Investment Company Limited* (深圳市航天高科投資管理有限公司) ("Shenzhen Aerospace") brought a consistent and constant revenue to the Company. In 2018, Shenzhen Aerospace and Shenzhen Aerospace Technology Property Management Company Limited* (深圳市航天高科物業管理有限公司) ("Shenzhen Property Management"), a wholly-owned subsidiary of Shenzhen Aerospace responsible for property management, recorded a total turnover of HK$419,109,000 and an operating profit of HK$515,821,000.

As at 31 December 2018, Shenzhen Aerospace Science & Technology Plaza was valued at approximately RMB7,692,000,000.

In 2019, Shenzhen Property Management will continue to do better in property management, paying special attention to safety management, and take effective measures to improve the quality of property services and enhance the satisfaction and praise of tenants.

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

The Kaiping Customs Clearance Centre is affected by local policy in quantity restrictions, and its performance was not as good as expected. While other businesses are still in the development stage, customer needs are constantly changing and fail to respond in time, hence it does not form a unique competitive advantage yet. In 2018, Aerospace Digitnexus recorded a turnover of HK$32,485,000 and an operating loss of HK$37,133,000.

In 2019, Aerospace Digitnexus will liaise with the customs and the local government to strive for better terms, and continue to improve the operation of the Kaiping Customs Clearance Centre. At the same time, efforts are being made by Aerospace Digitnexus to improve efficiency and to develop the markets in the face of fierce competition, it will also improve the business models of the other businesses and strengthen the development of customers in order to strive for a record of profit as soon as possible.

The Complex Zone of the Launching Site in Hainan

In 2017, 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, entered into a Settlement Agreement to the Land Development Agreement of the Complex Zone of the Launching Site in Hainan with the Municipal Government of Wenchang, pursuant to which both parties agreed to release the Land Development Agreement of the Complex Zone of the Launching Site in Hainan, their rights and obligations under which will be terminated accordingly. The Municipal Government of Wenchang also agreed to repay the investment amount and related expenses of RMB1,333,808,100 to Hainan Aerospace, of which, a sum of RMB290,000,000 had been repaid to Hainan Aerospace by the Municipal Government of Wenchang and the remaining amount will be returned by assets in equivalent value or in cash by 31 December 2019. Hainan Aerospace and the Municipal Government of Wenchang will continue the discussion in relation to the procedures of return of investment and complete it as soon as possible.

Details of which please refer to the Company's announcements published on 8 March 2017 and 23 June 2017.

ASSETS

（HK$'000）	31 December 2018	31 December 2017	Changes(%)
Non-Current Assets	**11,518,775**	11,847,675	(2.78)
Current Assets	**2,800,505**	2,727,433	2.68
Total Assets	**14,319,280**	14,575,108	(1.76)

The decrease in non-current assets was mainly due to a reduction in amount when those assets, recorded in RMB, were converted in equivalent to Hong Kong Dollars at the financial year end. The equity attributable to shareholders of the Company was HK$7,084,257,000, representing a decrease of 0.09% as compared with that of HK$7,090,625,000 as at 31 December 2017. 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$2.30.

As at 31 December 2018, a cash deposit of HK$14,572,000 of the Company and the subsidiaries had been pledged to banks to obtain credit facilities. As to the mortgage of part of Shenzhen Aerospace Science & Technology Plaza at a value of approximately RMB1,900,000,000 by Shenzhen Aerospace to Aerospace Science & Technology Finance Company Limited*（航天科技財務有限責任公司）, it will be performed once the application of property right certificates is completed.

LIABILITIES

（HK$'000）	31 December 2018	31 December 2017	Changes(%)
Non-Current Liabilities	**3,890,239**	3,110,127	25.08
Current Liabilities	**1,248,674**	2,258,769	(44.72)
Total Liabilities	**5,138,913**	5,368,896	(4.28)

The decrease in non-current liabilities and the increase in current liabilities were mainly due to the reclassification of a controlling shareholder's loan from current liabilities to non-current liabilities, as well as an reduction in accounts payable, accrual taxation, accrual payables of the construction costs of an investment properties and bank loans. As at 31 December 2018, the Company and the subsidiaries had bank and other borrowings of HK$1,468,223,000.

OPERATING EXPENSES

The administrative expenses of the Company and the subsidiaries in 2018 were HK$299,318,000, representing a decrease of 11.36% as compared with last year. The finance costs amounted to HK$66,598,000.

CONTINGENT LIABILITIES

As at 31 December 2018, the Company and the subsidiaries did not have any other material contingent liabilities.

FINANCIAL RATIOS

	2018	2017
Gross Profit Margin	**24.29%**	27.97%
Return on Net Assets	**5.67%**	7.24%

	31 December 2018	31 December 2017
Assets-Liabilities Ratio	**35.89%**	36.84%
Current Ratio	**2.24**	1.21
Quick Ratio	**1.95**	1.05

LIQUIDITY

The source of funds of the Company and the subsidiaries mainly relies on internal resources and banking facilities. As at 31 December 2018, the free cash and bank balance amounted to HK$966,428,000, the majority of which were in Hong Kong Dollars and Renminbi.

CAPITAL EXPENDITURE AND INVESTMENT COMMITMENT

As at 31 December 2018, the capital commitments of the Company and the relevant subsidiaries contracted for but not provided in the consolidated financial statements was HK$46,943,000, 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 human resources management skills 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 2018, the Company and the subsidiaries had a total of approximately 7,160 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 year.

CORPORATE GOVERNANCE

During 2018, 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 2018.

As at 31 December 2018, save for Mr Liu Xudong, Mr Mao Yijin and Mr Xu Liangwei, the Directors of the Company, are the officers of the substantial shareholder of the Company, China Aerospace Science & Technology Corporation and its subsidiaries, 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

In 2018, 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 Mao Yijin, being a 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, risk management and internal control procedures.

The Audit Committee also reviewed, discussed and approved the financial statements for the year ended 31 December 2018.

REMUNERATION COMMITTEE

In 2018, the Remuneration Committee comprises Ms Leung Sau Fan, Sylvia (Chairman) and Mr Wang Xiaojun, both being Independent Non-Executive Directors, and Mr Xu Liangwei, being a 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 2018, the Nomination Committee comprises Mr Liu Meixuan (Chairman) (appointed on 13 December 2018), the Executive Director and Chairman, Mr Gong Bo (Chairman) (resigned on 13 December 2018) and Mr Xu Liangwei, all being Non-Executive Directors, and Mr Luo Zhenbang, Ms Leung Sau Fan, Sylvia and Mr Wang Xiaojun, all being Independent Non-Executive Directors. Main functions of the Nomination Committee are to review the structure and size of the Board in order to implement the Company's strategy.

DIVIDEND

The Board has recommended a final dividend of HK1 cent per share for the year ended 31 December 2018 (2017: HK3 cents) payable to the shareholders whose names appear on the Register of Members of the Company on Tuesday, 11 June 2019.

STATEMENT OF COMPLIANCE

The financial information relating to the years ended 31 December 2017 and 2018 included in the Announcement does not constitute the Company's statutory annual consolidated financial statements for those years 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 2017 to the Hong Kong Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2018 to the Hong Kong Registrar of Companies in due course.

The Company's auditor has reported on the financial statements of the Company and the subsidiaries for both years ended 31 December 2017 and 2018. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Friday, 31 May 2019. 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 Monday, 27 May 2019
Closure of Register of Members	from Tuesday, 28 May 2019 to Friday, 31 May 2019 (both days inclusive)
Record Date	Friday, 31 May 2019

(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, 5 June 2019
Closure of Register of Members	from Thursday, 6 June 2019 to Tuesday, 11 June 2019 (both days inclusive)
Record Date	Tuesday, 11 June 2019

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 Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration on or before 4:30 p.m. on Monday, 27 May 2019 and Wednesday, 5 June 2019 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 Wednesday, 26 June 2019.

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. Grateful thanks are also due to shareholders, bankers, business partners and members of the public who have supported the Company's development all along.

By order of the Board,
Li Hongjun
Executive Director & President

Hong Kong, 23 March 2019

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

Executive Directors
Mr Liu Meixuan *(Chairman)*
Mr Li Hongjun *(President)*

Non-Executive Directors
Mr Liu Xudong
Mr Mao Yijin
Mr Xu Liangwei

Independent Non-Executive Directors
Mr Luo Zhenbang
Ms Leung Sau Fan, Sylvia
Mr Wang Xiaojun

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