

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## 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 2020

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 2020.

#### SUMMARY OF RESULTS

The audited consolidated results of the Group for the year ended 31 December 2020 and the comparative figures of the same period in 2019 are as follows:

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2020

	NOTES	2020 HK\$'000	2019 HK\$'000 (restated)
<b>Continuing operations</b>			
Revenue	3	3,579,972	3,446,251
Cost of sales		(2,612,018)	(2,537,653)
Gross profit		967,954	908,598
Other income	4	51,533	63,600
Impairment loss under expected credit loss model, net of reversal			
— trade receivables		1,341	(10,742)
— other receivables		(55,994)	—
Other gains and losses	4	2,073	29,046
Selling and distribution expenses		(53,658)	(49,583)
Administrative expenses		(372,136)	(314,110)
Research and development expenses		(113,214)	(91,423)
Fair value changes of investment properties		(1,288)	111,878
Finance costs		(72,179)	(74,774)
Share of results of associates		18,512	11,144
Share of results of joint ventures		16,442	(2,733)
Profit before taxation	5	389,386	580,901

		2020	2019
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>(restated)</i>
Taxation	6	<u>(64,280)</u>	<u>(109,206)</u>
Profit for the year from continuing operations		<u>325,106</u>	<u>471,695</u>
<b>Discontinued operations</b>			
Profit (loss) for the year from discontinued operations	11	<u>53,459</u>	<u>(33,837)</u>
Profit for the year		<u><b>378,565</b></u>	<u><b>437,858</b></u>
Profit (loss) attributable to owners of the Company			
- from continuing operations		<u>243,016</u>	361,015
- from discontinued operations		<u>53,665</u>	<u>(22,665)</u>
Profit for the year attributable to owners of the Company		<u><b>296,681</b></u>	<u>338,350</u>
Profit (loss) attributable to non-controlling interests			
- from continuing operations		<u>82,090</u>	110,680
- from discontinued operations		<u>(206)</u>	<u>(11,172)</u>
Profit for the year attributable to non-controlling interests		<u><b>81,884</b></u>	<u>99,508</u>
		<u><b>378,565</b></u>	<u><b>437,858</b></u>
<b>Earnings per share</b>	7		
From continuing and discontinued operations			
Basic		<u><b>HK9.62 cents</b></u>	<u>HK10.97 cents</u>
From continuing operations			
Basic		<u><b>HK7.88 cents</b></u>	<u>HK11.70 cents</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2020**

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> <i>(restated)</i>
Profit for the year	<u>378,565</u>	<u>437,858</u>
<b>Other comprehensive income (expense) includes:</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translating foreign operations		
- subsidiaries	542,017	(160,847)
- associates	16,859	(4,278)
- joint ventures	45,506	(13,967)
Reclassification adjustments for the cumulative exchange differences upon deemed disposal of subsidiaries	(6,060)	—
Reclassification adjustments for the cumulative exchange differences upon deregistration of a foreign operation	—	(13,765)
	<u>598,322</u>	<u>(192,857)</u>
Total comprehensive income for the year	<u><b>976,887</b></u>	<u>245,001</u>
Total comprehensive income for the year attributable to:		
Owners of the Company	741,883	191,384
Non-controlling interests	235,004	53,617
	<u><b>976,887</b></u>	<u>245,001</u>
Total comprehensive income (expense) attributable to owner of the Company:		
- from continuing operations	687,093	213,230
- from discontinued operations	54,790	(21,846)
	<u><b>741,883</b></u>	<u>191,384</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AT 31 DECEMBER 2020**

	<i>NOTES</i>	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,372,365</b>	1,066,677
Right-of-use assets		<b>252,649</b>	190,910
Investment properties		<b>9,594,734</b>	9,110,037
Interests in associates		<b>253,529</b>	199,546
Interests in joint ventures		<b>163,923</b>	697,923
Deposit paid for property, plant and equipment		<b>60,081</b>	6,387
Long-term bank deposits		<b>119,190</b>	—
Pledged bank deposits		<b>7,867</b>	—
Long term assets	9	<b>556,033</b>	384,675
		<b>12,380,371</b>	11,656,155
<b>Current assets</b>			
Inventories		<b>462,124</b>	361,391
Trade and other receivables	9	<b>1,239,422</b>	1,245,705
Amount due from a related party		—	16
Financial assets at fair value through profit or loss		<b>3,895</b>	5,787
Pledged bank deposits		<b>45,090</b>	41,272
Short-term bank deposits		<b>122,721</b>	123,389
Bank balances and cash		<b>1,863,141</b>	1,271,556
		<b>3,736,393</b>	3,049,116
<b>Current liabilities</b>			
Trade and other payables	10	<b>1,488,229</b>	1,248,333
Contract liabilities		<b>40,968</b>	38,569
Lease liabilities		<b>31,131</b>	29,330
Taxation payable		<b>62,028</b>	45,444
Other loan		—	7,990
		<b>1,622,356</b>	1,369,666
<b>Net current assets</b>		<b>2,114,037</b>	1,679,450
<b>Total assets less current liabilities</b>		<b>14,494,408</b>	13,335,605

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Non-current liabilities</b>		
Lease liabilities	63,749	79,895
Loan from a controlling shareholder	595,948	557,414
Loan from a related party	940,524	879,710
Deferred taxation	<u>2,608,449</u>	<u>2,437,600</u>
	<u>4,208,670</u>	<u>3,954,619</u>
	<u>10,285,738</u>	<u>9,380,986</u>
<b>Capital and reserves</b>		
Share capital	1,154,511	1,154,511
Reserves	<u>6,771,464</u>	<u>6,091,281</u>
<b>Equity attributable to owners of the Company</b>	<u>7,925,975</u>	<u>7,245,792</u>
<b>Non-controlling interests</b>	<u>2,359,763</u>	<u>2,135,194</u>
	<u>10,285,738</u>	<u>9,380,986</u>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
*FOR THE YEAR ENDED 31 DECEMBER 2020*

**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 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**

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the "Amendments to References to the Conceptual Framework in HKFRS Standards" and the following amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2020 for the preparation of the consolidated financial statements:

Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 3	Definition of Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The Group has applied the Amendments to HKAS 1 and HKAS 8 for the first time in the current year. The amendments provide a new definition of material that states "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments also clarify that materiality depends on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements taken as a whole.

The application of the "Amendments to References to the Conceptual Framework in HKFRS Standards" and the amendments to HKFRSs in the current year had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### 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. The operating segments regarding the Internet of Things and Cross-border e-commerce were discontinued in the current year upon the deemed disposal of Aerospace Digitnexus Information Technology (Shenzhen) Limited ("Aerospace Digitnexus"). The segment information reported below does not include any amounts for these discontinued operations. Prior year segment disclosures have been represented to conform with current year presentation. There were 6 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) which represent the major industries in which the Group is engaged.

In addition to the above reportable segments, other operating segments include property investments and management in properties other than those included in the above reportable segments and provision for other services. None of these segments met the quantitative thresholds for the reportable segment in both current and prior year. Accordingly, these were grouped in "Other Business".

An analysis of the Group's revenue and results from continuing operations by reportable segments is as follows:

#### For the year ended 31 December 2020 Continuing operations

	Revenue			Segment results HK\$'000
	External sales HK\$'000	Inter-segment sales HK\$'000	Total HK\$'000	
Hi-Tech Manufacturing Business				
Plastic products	1,118,922	44,133	1,163,055	52,728
Liquid crystal display	753,589	1,280	754,869	59,508
Printed circuit boards	996,365	—	996,365	81,787
Intelligent chargers	302,262	2,299	304,561	14,019
Industrial property investment	13,482	15,641	29,123	27,726
	<u>3,184,620</u>	<u>63,353</u>	<u>3,247,973</u>	<u>235,768</u>
Aerospace Service				
Property investment in Shenzhen Aerospace Science & Technology Plaza	385,261	2,779	388,040	309,927
Reportable segments total	<u>3,569,881</u>	<u>66,132</u>	<u>3,636,013</u>	<u>545,695</u>
Elimination	—	(66,132)	(66,132)	—
Other Business	<u>10,091</u>	—	<u>10,091</u>	<u>6,099</u>
	<u>3,579,972</u>	<u>—</u>	<u>3,579,972</u>	<u>551,794</u>
Unallocated corporate income				34,634
Unallocated corporate expenses				(103,823)
Impairment loss under expected credit loss				(55,994)
Share of results of associates				18,512
Share of results of joint ventures				16,442
Finance costs				(72,179)
Profit before taxation from continuing operations				<u>389,386</u>

**For the year ended 31 December 2019**

**Continuing operations**

	<b>Revenue</b>			<b>Segment results HK\$'000 (restated)</b>
	<b>External sales HK\$'000 (restated)</b>	<b>Inter-segment sales HK\$'000 (restated)</b>	<b>Total HK\$'000 (restated)</b>	
Hi-Tech Manufacturing Business				
Plastic products	1,105,308	44,096	1,149,404	55,476
Liquid crystal display	680,064	—	680,064	60,285
Printed circuit boards	861,194	—	861,194	52,494
Intelligent chargers	352,480	1,846	354,326	10,877
Industrial property investment	13,173	20,896	34,069	26,813
	<u>3,012,219</u>	<u>66,838</u>	<u>3,079,057</u>	<u>205,945</u>
Aerospace Service				
Property investment in Shenzhen				
Aerospace Science & Technology Plaza	425,393	7,014	432,407	439,566
Reportable segments total	3,437,612	73,852	3,511,464	645,511
Elimination	—	(73,852)	(73,852)	—
Other Business	8,639	—	8,639	9,773
	<u>3,446,251</u>	<u>—</u>	<u>3,446,251</u>	655,284
Unallocated corporate income				47,291
Unallocated corporate expenses				(69,076)
Share of results of associates				11,144
Share of results of joint ventures				(2,733)
Gain on deregistration of a subsidiary				13,765
Finance costs				(74,774)
Profit before taxation from continuing operations				<u>580,901</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the profit earned by/loss from each segment without allocation of interest income, change in fair value of financial assets at fair value through profit or loss, share of results of associates, share of results of joint ventures, interest expenses, gain on deregistration of a subsidiary and other corporate income and corporate expenses. This is the measure reported to the CODM 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

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> <i>(restated)</i>
<b>Continuing operations</b>		
The Group's other income comprises:		
Interest income	19,003	13,319
Sales of scrap materials	17,086	9,601
Government subsidies (Note a)	3,764	8,841
Government grants in respect of COVID-19-related subsidies (Note b)	<u>6,481</u>	<u>—</u>

The Group's other gains and losses mainly comprise:

Net exchange (loss) gain	(12,875)	3,100
Gain on deregistration of a subsidiary	—	13,765
Net (loss) gain from change in fair value of financial assets at fair value through profit or loss	(1,892)	14,178
Gain on lease modification	17,567	—
Loss on disposal/written off of property, plant and equipment	<u>(727)</u>	<u>(2,045)</u>

Notes:

- (a) The government subsidies mainly represent the incentive provided by the PRC local authorities to the Group for encouragement of business development. There were no specific conditions attached to the grants and the Group recognised the grants upon receipts.
- (b) During the year, the Group recognised government grants in respect of COVID-19-related subsidies, including subsidies from the Employment Support Schedule provided by the Hong Kong Government of HK\$5,616,000.

#### 5. PROFIT BEFORE TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> <i>(restated)</i>
<b>Continuing operations</b>		
Profit before taxation has been arrived at after charging (crediting):		
Auditors' remuneration	3,901	5,177
Cost of inventories charged to profit or loss including allowance for obsolete inventories of HK\$1,012,000 (2019: HK\$1,300,000)	2,571,263	2,496,060
Depreciation of property, plant and equipment	155,931	152,036
Depreciation of right-of-use assets	36,022	34,307
Staff costs, including directors' remuneration	731,401	691,197
Gross rental income from investment properties	(315,792)	(352,171)
Less: Direct operating expenses for investment properties that generated rental income during the year	<u>10,383</u>	<u>9,374</u>
	<u>(305,409)</u>	<u>(342,797)</u>



## 6. TAXATION

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Continuing operations</b>		
The tax charge (credit) for the year comprises:		
Current tax		
Hong Kong Profits Tax	3,100	4,369
PRC Enterprise Income Tax	59,857	37,373
	<u>62,957</u>	<u>41,742</u>
Overprovision in prior years		
Hong Kong Profits Tax	(2,391)	(40)
PRC Enterprise Income Tax	—	(63)
	<u>(2,391)</u>	<u>(103)</u>
Deferred tax charge	3,714	67,567
	<u>64,280</u>	<u>109,206</u>

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, 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.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. Three subsidiaries (2019: three subsidiaries) of the Company operating in the PRC are eligible as High and New Technology Enterprise till the dates ranging from 2 December 2022 to 10 November 2023 and the income tax rate of these subsidiaries is 15%.

According to relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2008 onwards, enterprise engaging in research and development activities are entitled to claim 175% of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year.

## 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:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i> <i>(restated)</i>
<b>From continuing operations</b>		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	296,681	338,350
Less: (profit) loss from discontinued operations	(53,665)	22,665
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>243,016</u>	<u>361,015</u>
	2020 Number of shares	2019 Number of shares
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	<u>3,085,022,000</u>	<u>3,085,022,000</u>

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>From continuing and discontinued operations</b>		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	<u>296,681</u>	<u>338,350</u>

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

#### **From discontinued operations**

Basic earnings per share for the discontinued operations is HK1.74 cents per share (2019: Basic loss of HK0.73 cents per share), based on the profit for the year from the discontinued operations of approximately HK\$53,665,000 (2019: Loss of HK\$22,665,000) and the denominators detailed above for basic earnings per share from continuing operations.

No diluted earnings per share have been presented as there were no potential ordinary shares outstanding for both years.

## **8. DIVIDENDS**

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Dividends recognised as distribution during the year:		
2019 final dividend of HK2 cents (2019: 2018 final dividend of HK1 cent) per ordinary share	<u>61,700</u>	<u>30,850</u>

A final dividend of HK2 cents per share in respect of the year ended 31 December 2020 (2019: HK2 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 AND LONG-TERM ASSETS**

As at 31 December 2020, the Group's total trade and other receivables comprised of trade receivables arising from contracts with customers, leases receivables and other receivables, deposits and prepayments of HK\$1,055,015,000, net of allowance for credit losses of HK\$16,000,000 (2019:HK\$891,977,000, net of allowance for credit losses of HK\$63,376,000), HK\$638,244,000, net of allowance for credit losses of HK\$6,450,000 (2019: HK\$547,660,000) and HK\$102,196,000, net of allowance for credit losses of HK\$55,994,000 (2019:HK\$190,743,000, net of allowance for credit losses of HK\$9,633,000), respectively.

The Group allows an average credit period of 30 to 120 days to its trade customers. No credit period was granted to tenants of rental of premises. Receivables are unsecured and interest-free.

The following is an aged analysis of trade receivables arising from contracts with customers net of allowance for credit losses presented based on invoice date at the end of the reporting period:

	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 90 days	966,468	774,477
Between 91 - 180 days	85,459	113,296
Between 181 - 365 days	<u>3,088</u>	<u>4,204</u>
	<u>1,055,015</u>	<u>891,977</u>

The Group's rental receivables of HK\$638,244,000, net of allowance for credit losses of HK\$6,450,000 (2019: HK\$547,660,000) included billed rental receivables of HK\$53,994,000 (2019: HK\$27,555,000) and unbilled rental receivables of HK\$584,250,000, net of allowance of HK\$6,450,000 (2019: HK\$520,105,000). The following are the aged analysis of billed rental receivables presented based on invoice date which are also past due balances at the end of the reporting period:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 90 days	<b>53,994</b>	12,348
Between 91 - 180 days	—	15,207
	<b><u>53,994</u></b>	<b><u>27,555</u></b>

Included in the Group's rental receivables as at 31 December 2020 are accrued rental income of HK\$556,033,000 (2019: HK\$384,675,000) that are expected to be realised after twelve months after the reporting period and are presented as non-current assets under long term assets.

## 10. TRADE AND OTHER PAYABLES

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

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Within 90 days	<b>507,652</b>	427,820
Between 91 - 180 days	<b>43,574</b>	1,521
Between 181 - 365 days	<b>44,070</b>	35,658
Over 1 year	<b>5,677</b>	9,407
	<b><u>600,973</u></b>	<b><u>474,406</u></b>

## 11. DISCONTINUED OPERATIONS

During the current year, the Group entered into a capital increment agreement with several existing shareholders and strategic investors in which the registered capital of Aerospace Digitnexus would be increased from approximately HK\$57,216,000 to approximately HK\$128,460,000. The strategic investors agreed to subscribe for registered capital of HK\$71,244,000 while the existing shareholders of Aerospace Digitnexus have not made additional contribution.

The transaction was completed on 20 April 2020, on which the Group lost control of Aerospace Digitnexus. The equity interest held by the Group in Aerospace Digitnexus decreased from 72.13% to 32.13%. Aerospace Digitnexus ceased to be an indirect subsidiary of the Company. Aerospace Digitnexus became an associate of the Company as the Group was regarded as having significant influence over Aerospace Digitnexus, and is accounted for in the consolidated financial statements using equity-accounting method since the date of completion.

The profit (loss) for the year from discontinued operations, Internet of Things and Cross-border e-commerce operations, are set out below:

	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Loss for the period/year for the discontinued operations	<b>(616)</b>	(33,837)
Gain on deemed disposal of discontinued operations	<b>54,075</b>	—
	<b><u>53,459</u></b>	<b><u>(33,837)</u></b>

## CHAIRMAN'S STATEMENT

### RESULTS

In 2020, although the novel coronavirus posing severe impact to the global economy, the Company has taken various measures to fight against the pandemic in a timely manner to promptly restore the production capacity and achieve a steady business development.

For the year ended 31 December 2020, the operating revenue of the Company and its subsidiaries from continuing and discontinued operations was HK\$3,580,121,000 (2019: HK\$3,450,824,000), representing an increase of 3.75% as compared with that of last year. The Company's effective control of operating costs resulted in an increase in gross profit margin from 26.31% of last year to 27.02%. The Company and its subsidiaries recorded a net profit from continuing and discontinued operations of HK\$378,565,000 after taking into account the effect of changes in fair value of investment properties, representing a decrease of 13.54% as compared to the profit from continuing and discontinued operations of HK\$437,858,000 in 2019. Profit attributable to shareholders from continuing and discontinued operations was HK\$296,681,000, a decrease of 12.32% as compared to the profit attributable to shareholders from continuing and discontinued operations of HK\$338,350,000 in 2019; earnings per share attributable to shareholders from continuing and discontinued operations was HK\$9.62 cents (2019: HK\$10.97 cents). After deducting the effects of changes in fair value of investment properties and related deferred tax and non-controlling interests, profit attributable to shareholders of the Company was HK\$288,187,000 (2019: HK\$285,744,000), representing an increase of 0.85% as compared to last year.

Taking into account the Company's development needs and capital position, the Board recommends the payment of an annual dividend of HK2 cents per share.

### BUSINESS REVIEW

In 2020, the revenue and profit of the hi-tech manufacturing business recorded a solid growth, whereas Shenzhen Aerospace Science & Technology Plaza provided a stable income to the Company.

#### *Hi-tech manufacturing*

In 2020, the handset and automobile industries were greatly impacted by the escalation of the Sino-US trade friction. The industrial enterprises of the Company had leveraged on the advantages of refined management capability and enhanced premium clientele built up in years to overcome adverse factors such as fluctuations in orders, unstable supply chain, rising raw material prices and substantial appreciation of Renminbi, and actively adjusted the market and product structure. By effectively controlling the investment in fixed assets, the industrial enterprises had relieved the cash flow shortage and operating pressure, strengthened the management of receivables and inventories, and improved the quality of economic operation. In the midst of effect posed by the novel coronavirus pandemic around the world, the industrial enterprises had bucked the trend of significant decline in the scale of economics and efficiency, solid results were generated during the year. The hi-tech manufacturing business recorded a revenue of HK\$3,184,620,000 (2019: HK\$3,012,219,000), representing an increase of 5.72% as compared with last year; operating profit was HK\$235,768,000 (2019: HK\$205,945,000), representing an increase of 14.48% as compared with last year.

The plastic injection molding business expanded into emerging market segments such as new energy vehicles, intelligent equipment and robots, which drove the growth of its sales. The production base invested and constructed by the plastic injection molding business in Vietnam had successfully commenced trial production and achieved its first phase construction target.

The smart charger business is undergoing the structural adjustment of products, which will be gradually shifting from consumer electronics to commercial applications, and resources are concentrated to vigorously expand the medium-to-high power supply and inverter business.

In recent years, the printed circuit board (“PCB”) business has focused on the development of micro-electrical system (“MEMS”), packaging substrate, optoelectronic and intelligent terminal businesses and successfully developed major customers which brought a satisfactory growth. The business continued to focus on improving its technological capabilities in fine line, microhole processing, high density interconnect (“HDI”) circuit boards, surface plating, automatic lamination, etc., laying the foundation for the development of new business areas in China and overseas.

In 2020, the liquid crystal display (“LCD”) business achieved a satisfactory performance. During the year, the business adjusted the allocation of resources and completed the relocation of LCM production line and the LCD module technical transformation project, which ensure a support for business growth to a certain extent.

#### *Shenzhen Aerospace Science & Technology Plaza*

In 2020, Shenzhen Aerospace Science & Technology Plaza was affected by factors such as the downturn of leasing market, the surrender of lease by certain tenants and the novel coronavirus pandemic. To cope with such situation, Shenzhen Aerospace Technology Investment Company Limited (“Shenzhen Aerospace”) had taken measures such as offering partial rental concession to tenants in a timely manner. In 2020, the leasing and property management business of Shenzhen Aerospace recorded a total revenue of HK\$385,261,000, representing a decrease of 9.43% as compared to that of HK\$425,393,000 in 2019; and an operating profit of HK\$309,927,000, representing a decrease of 29.49% as compared to that of HK\$439,566,000 in 2019. The decrease in operating profit mainly reflected a decrease in property valuation as compared with last year and the effect of the rental concession. The pandemic resulted in the decrease in rental and price of properties in Nanshan District, Shenzhen, and that imposed pressure on the fair value of investment properties in Shenzhen Aerospace Science & Technology Plaza. Excluding the effect of changes in fair value of investment properties, the operating profit of the business was HK\$315,978,000 (2019: HK\$348,770,000). As at the end of 2020, Shenzhen Aerospace Science & Technology Plaza was valued at approximately RMB 7,770,800,000 (2019: RMB 7,772,000,000).

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

Following the return of the project investment fund and related expenses by the Municipal Government of Wenchang City to Hainan Aerospace Investment Management Company Limited (“Hainan Aerospace”), a joint venture of the Company, in December 2019, Hainan Aerospace completed the withdrawal from the land development project of the Complex Zone of the Launching Site in Hainan. In 2020, Hainan Company reduced its registered capital from RMB 1.2 billion to RMB 200 million and returned the proceeds from capital reduction to shareholders in proportion to their shareholdings. For the year ended 31 December 2020, the Company’s share of profit from Hainan Aerospace was HK\$17,701,000, representing a significant increase of 589.93% as compared to 2019 (2019: loss of HK\$3,613,000). As at 31 December 2020, the carrying value of the Company’s interest in Hainan Aerospace was HK\$96,110,000 (2019: HK\$629,508,000).

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

Aerospace Digitnexus Information Technology (Shenzhen) Limited (“Aerospace Digitnexus”) introduced new investors to strengthen the equity base and assist the further development of the Company. On 20 April 2020, Aerospace Digitnexus entered into a capital increase agreement with two new investors, pursuant to which, the two new investors subscribed for approximately 28.157% and 27.304% of the enlarged equity interest in Aerospace Digitnexus at a cash consideration of RMB 33,000,000 and RMB 32,000,000, respectively. Upon the completion of the capital increase, the Company’s equity interest in Aerospace Digitnexus decreased from 72.128% to 32.125%, Aerospace Digitnexus ceased to be an indirect subsidiary of the Company and the financial results of Aerospace Digitnexus will not be consolidated into the financial statements of the Company and its subsidiaries. The capital increase of Aerospace Digitnexus was regarded as a deemed disposal of equity interest in Aerospace Digitnexus by the Company and a gain of approximately HK\$54,075,000 was recorded.

## **Prospects**

Looking forward to 2021, the development of the novel coronavirus pandemic continues to bring uncertainties to the global economy. Factors such as the direction of diplomatic policies of the new U.S. government, the development of Sino-U.S. relations, geopolitical risks such as Brexit, the sustained low interest rate environment, the appreciation of the Renminbi and large-scale fiscal stimulus measures of various countries will likely affect the stability of the financial market. The above factors are likely to affect the Company's export-oriented industrial manufacturing business to various extent.

The Company will closely follow the development of the pandemic and the macro-economy, reasonably evaluate the situation of its subsidiaries and take decisive measures in a timely manner to make every effort to manage various risks and internal control, and actively promote the development of the Company on the premise of adhering to prudent operation and strict risk control.

In 2021, each industrial enterprise will enhance its marketing efforts, continue to consolidate its existing premium customer base, increase investment in automation transformation, and strengthen research and development effort to enhance competitiveness comprehensively. The plastic injection molding business will consolidate the high-quality customer base in the traditional market and strive to promote the growth of overseas business by the subsidiary in Vietnam. The plastic injection molding business will strive to enhance its comprehensive competitiveness, accelerate the expansion of the new intelligent equipment market, and cultivate the emerging new energy vehicle market. The smart charger business will achieve mass production of new products by strengthening research and development efforts, it will also strive to expand the application of lithium battery in electric bikes, power tools and robots, and actively cultivate the lithium battery inverter business, striving to become a new business growth point.

The PCB business will further enhance the level of intelligent manufacturing system and the capability of production process, and improve the capability of design, production and customer service with the application of big data. The business will strive to achieve breakthroughs in the research and development of carrier board products and strengthen the development of domestic and Japan markets while developing various products. The LCD business will carry out the transformation of LCD production lines to enhance automation capabilities, so as to improve the overall production efficiency.

Shenzhen Aerospace will actively improve the quality of customer service and property management so as to ensure that the occupancy rate of the office building and shopping mall of Shenzhen Aerospace Science & Technology Plaza maintains at a high and stable level.

2021 is the first year of the "14th Five-Year Plan". Under the global environment that is full of challenges and opportunities, the Company will adhere to stable operation, strive to expand new customers, new products and new markets, explore new economic growth points and ensure the sustainable development of the Company by improving management and competitiveness and actively maintaining existing customers. The Company will make every effort to build a new development pattern in accordance with the "14th Five-Year Plan". While strengthening the existing industrial layout, the Company will focus on the fields of advanced manufacturing, modern service industry and high-tech industry, make full use of domestic and international markets and two resources, develop new businesses with the core strategy of innovation-driven, capital operation and talent-oriented enterprise, and comprehensively expand the space for high-quality development.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **RESULTS PERFORMANCE**

The revenue of the Company and the subsidiaries from continuing and discontinued operations for the year ended 31 December 2020 was HK\$3,580,121,000, representing an increase of 3.75% as compared with that of HK\$3,450,824,000 for 2019. The profit of this year from continuing and discontinued operations was HK\$378,565,000, representing a decrease of 13.54% as compared with that of HK\$437,858,000 for 2019.

The decrease in profit was mainly due to the decrease in changes in fair value of investment properties and increase in operating costs and research & development expenses.

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

Profit attributable to the owners of the Company from continuing and discontinued operations was HK\$296,681,000, representing a decrease of 12.32% as compared with that of HK\$338,350,000 for 2019.

Based on the issued share capital of 3,085,022,000 shares during the year, the basic earnings per share from continuing and discontinued operations was HK9.62 cents, representing a decrease of 12.31% as compared with that of HK10.97 cents for 2019.

### **DIVIDENDS**

The Board proposed the distribution of 2020 final dividend of HK2 cents per share, subject to the approval by shareholders at the annual general meeting to be held on 24 June 2021. If approved, warrants of which will be dispatched to all shareholders on or about 20 July 2021.

The distribution of 2019 final dividend of HK2 cent per share was approved by shareholders at the annual general meeting in June 2020 and warrants of which were dispatched to all shareholders on 20 July 2020.

### **RESULTS OF CORE BUSINESSES**

The core businesses of the Company and the subsidiaries are the research and development, design, professional production, sales and services of plastic products, electronic products, power products and semi-conductor products, as well as the operation of Shenzhen Aerospace Science & Technology Plaza.

The Company had established a five-year planning, which determined its positioning to become the benchmark of international development and market-driven operation of China Aerospace, with the core strategies being innovation-driven, capital operation, and talent-based enterprise. In the next few years, the Company will focus on the development of advanced manufacturing, modern services and high-tech industries, fully utilizing the resources from the markets in overseas and China, and comprehensively deepening reform to achieve high-quality development of the Company.

The revenue of the hi-tech manufacturing is the main source of the Company's revenue and that contributes a significant profit and cash flow. With the completion of Shenzhen Aerospace Science & Technology Plaza and that being turned into asset management, it brought in a stable income for the Company. The Company will continue to identify and develop new business opportunities to minimize its individual business risk.

#### *Hi-tech Manufacturing*

In 2020, the global outbreak of novel coronavirus brought a halt to the consumption activities in affected countries and cities. Overall demand plummeted and economic activities significantly weakened, hence seriously hampering global economy. In this tough time, hi-tech manufacturing industry overcame unfavourable factors, such as volatility of orders, obstructed supply chain, price surge of bulk materials and components as well as appreciation of Renminbi, yet the overall business was still affected to a considerable extent. Amidst the pandemic, the hi-tech manufacturing industries continued to place efforts on the exploration of high-end products and market development, enhance automation of production and maintain production scale and capacity. Meanwhile, they strived to reduce inventory and account receivables to stabilise our business and attain sustainable development.

In order to strengthen market competitiveness, enlarge business scale and expand overseas markets, the Company's subsidiary whose main business is injection molding products, Chee Yuen Industrial Company Limited, established a wholly-owned subsidiary in Vietnam in January 2020. It planned to install multiple production lines to manufacture plastics, molds, hardware, electronic products, etc. At the end of 2020, the installation and commissioning of phase one equipment had been completed. It is expected that inspection and examination of the project will be concluded in the first quarter of 2021, and production will commence in the second half of the year.

In 2020, the Company established a research and development academy, which is to focus on new technology development, research and development of hi-tech products, nurturing of high-caliber scientific research talents, and incubation of industrialised projects. The Company also requires all industrial enterprises to strengthen their research and development team, introduce industry experts and academics to carry out project's research and development, and provide support for the development of technology industry.

The revenue of the hi-tech manufacturing business for the year ended 31 December 2020 was HK\$3,184,620,000, representing an increase of 5.72% as compared with last year; the operating profit was HK\$235,768,000, representing an increase of 14.48% as compared with last year. The results of the hi-tech manufacturing business are shown below:

	Turnover (HK\$'000)			Operating Profit (HK\$'000)		
	2020	2019	Changes (%)	2020	2019	Changes (%)
Plastic Products	<b>1,118,922</b>	1,105,308	1.23	<b>52,728</b>	55,476	(4.95)
Printed Circuit Boards	<b>996,365</b>	861,194	15.70	<b>81,787</b>	52,494	55.80
Intelligent Chargers	<b>302,262</b>	352,480	(14.25)	<b>14,019</b>	10,877	28.89
Liquid Crystal Display	<b>753,589</b>	680,064	10.81	<b>59,508</b>	60,285	(1.29)
Industrial Property Investment	<b>13,482</b>	13,173	2.35	<b>27,726</b>	26,813	3.41
<b>Total</b>	<b>3,184,620</b>	<b>3,012,219</b>	5.72	<b>235,768</b>	<b>205,945</b>	14.48

Looking forward to 2021, the novel coronavirus pandemic will still bring various uncertainties. With the successive launch of vaccination and orderly injection by a number of countries, the pandemic is expected to be alleviated in the second half of the year. After the pandemic becomes under control, it is expected that the overall demand will boom in short term, thereby boosting global economic recovery as well as benefitting electronics and information technology industries. Nonetheless, to strive for better results, enterprises will adopt intense and cut-throat marketing approaches and it will be difficult to attain large profit growth. Besides, the continuous appreciation of Renminbi will affect the profit of export enterprises, such as those industrial enterprises under the Company.

At this unstable moment under the pandemic and in face of intense market competition, the hi-tech manufacturing business still needs to work hard to open up the mainland China and other overseas markets, tries its best to reduce inventory and accounts receivable, maintains business stability and continuous development; at the same time it will continue to develop high-end products and research and development of new technologies, improve production automation, maintain production scale and capacity to reverse the trend of business difficulties.

#### *Shenzhen Aerospace Science & Technology Plaza*

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 stable income to the Company. In 2020, 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 revenue of HK\$385,261,000 and an operating profit of HK\$309,927,000.

During the pandemic, Shenzhen Property Management reinforced the management and control of Shenzhen Aerospace Science & Technology Plaza and adopted various measures. For instance, some access was closed, major entries and exits were set, identity and temperature checks were strictly implemented for all entries, and cold and hot air circulation means for central air-conditioning were adjusted. Such measures have effectively blocked the channels for cross-infection to prevent the spread of pandemic.

As at 31 December 2020, Shenzhen Aerospace Science & Technology Plaza was valued at approximately RMB7,770,800,000 (2019: RMB7,772,000,000).



In 2021, Shenzhen Property Management will continue to do better in property management, paying special attention to anti-epidemic measures, public hygiene and safety management and take effective measures so as to improve the quality of property services, enhance facilities and equipment repairment and maintenance, maintain the optimal conditions and smooth operation of equipment such as power generators, air-conditioning system and power distribution rooms, and increase the satisfaction and praise of tenants. Meanwhile, promotion will be strengthened to increase pedestrian traffic, so as to escalate the overall value of Shenzhen Aerospace Science & Technology Plaza.

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

The performance of Aerospace Digitnexus Information Technology (Shenzhen) Limited (“Aerospace Digitnexus”), an indirect 72.128%-original owned subsidiary of the Company, was not ideal. As of April 2020, it recorded operating income of HK\$149,000 only and an operating loss of HK\$408,000.

In April 2020, Aerospace Digitnexus entered into a capital increase agreement with two new investors, pursuant to which the two new investors shall acquire approximately 28.1568% and 27.3036% of the enlarged equity interest at the consideration of RMB33,000,000 and RMB32,000,000 in cash, respectively. Upon the completion of the transaction, the Company’s interest in Aerospace Digitnexus decreased to 32.1254% and Aerospace Digitnexus ceased to be an indirect subsidiary of the Company and the financial results of Aerospace Digitnexus will not be consolidated into the Company and its subsidiaries’ financial statements.

In 2021, Aerospace Digitnexus should strive to improve its business model, elevate efficiency and reduce losses as soon as possible, whereas the Company will prudently consider the business sustainability of Aerospace Digitnexus with the other shareholders when appropriate.

## ASSETS

<b>(HK\$'000)</b>	<b>31 December 2020</b>	31 December 2019	Changes(%)
Non-Current Assets	<b>12,380,371</b>	11,656,155	6.21
Current Assets	<b>3,736,393</b>	3,049,116	22.54
<b>Total Assets</b>	<b>16,116,764</b>	14,705,271	9.6

The increase in non-current assets was mainly due to the increase in fixed assets and right-of-use assets, increase in investment in associated company, reclassification of long-term bank deposits, the change in foreign exchange rate and the offsetting of investment from the book value reduction of Hainan Aerospace; the increase in current assets was mainly due to the recovery of investment of Hainan Aerospace upon the increased bank deposits. The equity attributable to shareholders of the Company was HK\$7,925,975,000, representing an increase of 9.39% as compared with that of HK\$7,245,792,000 as at the end of 2019. 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\$2.57.

As at 31 December 2020, a cash deposit of HK\$52,957,000 and bills receivable of HK\$145,566,000 of the Company and the subsidiaries had been pledged to banks to obtain credit facilities. In addition, property right certificates at an approximate value of RMB1,900,000,000 of Shenzhen Aerospace Science & Technology Plaza were mortgaged by Shenzhen Aerospace to Aerospace Science & Technology Finance Company Limited\* (航天科技財務有限責任公司) as a guarantee of repayment of a 12-year term loan in the amount of RMB1,300,000,000. Details of which please refer to the Company’s announcement published on 30 August 2016.

## LIABILITIES

<b>(HK\$'000)</b>	<b>31 December 2020</b>	31 December 2019	Changes(%)
Non-Current Liabilities	<b>4,208,670</b>	3,954,619	6.42
Current Liabilities	<b>1,622,356</b>	1,369,666	18.45
<b>Total Liabilities</b>	<b>5,831,026</b>	5,324,285	9.52

The increase in both non-current liabilities and current liabilities were mainly due to the impact of exchange rate differences arising from the conversion of liabilities denominated in foreign currencies into Hong Kong dollars.

As at 31 December 2020, the Company and the subsidiaries had other borrowings of HK\$1,536,472,000.

### OPERATING EXPENSES

The administrative expenses from continuing and discontinued operations of the Company and the subsidiaries in 2020 were HK\$372,470,000, representing an increase of 14.4%, mainly due to the increase in labor costs and depreciation and amortization expenses as compared with last year. The finance costs from continuing and discontinued operations of the Company and the subsidiaries amounted to HK\$72,188,000, representing a decrease of 3.8% as compared with last year.

### CONTINGENT LIABILITIES

As at 31 December 2020, the Company and the subsidiaries did not have any other material contingent liabilities.

### FINANCIAL RATIOS

	2020	2019
Gross Profit Margin from continuing and discontinued operations	27.02%	26.31%
Return from continuing and discontinued operations on Net Assets	3.68%	4.67%
	<b>31 December 2020</b>	31 December 2019
Assets-Liabilities Ratio	36.18%	36.21%
Current Ratio	2.30	2.23
Quick Ratio	2.02	1.96

### LIQUIDITY

The source of funds of the Company and the subsidiaries mainly relies on internal resources and banking facilities. As at 31 December 2020, the free cash and bank balance amounted to HK\$1,985,862,000, the majority of which were in Hong Kong Dollars and Renminbi.

### CAPITAL EXPENDITURE AND INVESTMENT COMMITMENT

As at 31 December 2020, the capital commitments of the Company and the relevant subsidiaries contracted for but not provided in the consolidated financial statements was approximately HK\$142,457,000, 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.

### CONNECTED TRANSACTION

In July 2020, 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 capital increase agreement with Aerospace New Business Information Technology Co., Ltd.\* (航天新商務信息科技有限公司) (“New Business”) and its shareholders, pursuant to which New Century shall subscribe for the registered share capital of RMB10,000,000 at a consideration of RMB10,820,000, China Great Wall Industry Corporation\*(中國長城工業集團有限公司), another shareholder of New Business, will subscribe for the registered capital of RMB60,000,000 at a consideration of RMB66,900,000, and other shareholders will not increase their capital investment. Upon completion of the subscription, New Century’s interest in New Business will be slightly diluted from 16.13% to 15.15%. Since New Business and its shareholders

are connected persons of the Company, the capital increase of New Century in New Business constituted a connected transaction of the Company. Details of which please refer to the Company's announcements dated 30 July 2020 and 31 July 2020.

## **HUMAN RESOURCES AND REMUNERATION POLICIES**

In 2020, under the premise of attaching great importance to the health of employees, the Company and its subsidiaries had taken certain anti-epidemic measures, including requiring employees to actively declare travel records, allowing flexible commuting and lunch time, free distribution of masks and disinfecting alcohol, arranging employees to participate in anti-epidemic training seminars, reducing physical meetings by means of video conferences, work from home on a shift basis etc. These helped to protect the health of employees and their family members from infection and avoided infecting other colleagues which in turn affected the daily operation of the companies. On the other hand, the subsidiaries arranged staff from low-risk areas to work in advance and paid the basic salary during their isolation period. For those staff being held up, pandemic prevention measures were required while subsidies were offered.

In 2021, with vaccination commencing around the world, the pandemic is set to be alleviated. Nonetheless, the Company and its subsidiaries would still stay alert, and continuously adopt appropriate and stringent pandemic prevention measures to prevent the spread of the virus.

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 2020, the Company and the subsidiaries had a total of approximately 6,780 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 2020, 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 2020.

As at 31 December 2020, save for Mr Hua Chongzhi and Mr Mao Yijin, the Directors of the Company, are the officers of an academy and a subsidiary of the substantial shareholder China Aerospace Science & Technology Corporation, 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 2020, the Audit Committee 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 auditors, 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 2020.

## **REMUNERATION COMMITTEE**

In 2020, the Remuneration Committee comprises Ms Leung Sau Fan, Sylvia (Chairman) and Mr Wang Xiaojun, both being Independent Non-Executive Directors, and Mr Hua Chongzhi (appointed on 16 April 2020) and Mr Xu Liangwei (retired on 16 April 2020), both being Non-Executive Directors. 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 2020, the Nomination Committee comprises Mr. Zhou Linin (Chairman) (appointed on 29 September 2020) and Mr Liu Meixuan (Chairman) (resigned on 29 September 2020), both being the Chairmen and Executive Directors, and Mr Liu Xudong (appointed on 16 April 2020) and Mr Xu Liangwei (retired on 16 April 2020), both 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, size and composition of the Board in order to implement the Company's strategy.

## **DIVIDEND**

The Board has recommended a final dividend of HK2 cents per share for the year ended 31 December 2020 (2019: HK2 cents) payable to the shareholders whose names appeared on the Register of Members of the Company on Monday, 5 July 2021.

## **STATEMENT OF COMPLIANCE**

The financial information relating to the years ended 31 December 2019 and 2020 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 2019 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 2020 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 2019 and 2020. 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 Thursday, 24 June 2021. 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 Friday, 18 June 2021
Closure of Register of Members	:	from Monday, 21 June 2021 to Thursday, 24 June 2021 (both days inclusive)
Record Date	:	Thursday, 24 June 2021

(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 Tuesday, 29 June 2021
Closure of Register of Members	:	from Wednesday, 30 June 2021 to Monday, 5 July 2021 (both days inclusive)
Record Date	:	Monday, 5 July 2021

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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration on or before 4:30 p.m. on Friday, 18 June 2021 and Tuesday, 29 June 2021 respectively. Subject to approval by the Shareholders at the Annual General Meeting, dividend warrants are expected to be despatched to the Shareholders by post on or around Tuesday, 20 July 2021.

## MISCELLANEOUS

On 16 March 2021, Shenzhen Rayitek Hi-Tech Film Company Limited\*(深圳瑞華泰薄膜科技股份有限公司) ("Shenzhen Rayitek"), a 31.1725% associate of the Company was approved the listing of Shenzhen Rayitek on Sci-Tech Innovation Board of Shanghai Stock Exchange by China Securities Regulatory Commission. The company is mainly engaged in the research and development and manufacturing of polyimide film

The final offering size, the issue price and other details of the listing have yet to be finalised. Further announcement will be made by the Company as and when appropriate in respect of the details and any material development in relation to the listing of Shenzhen Rayitek.

## APPRECIATION

On behalf of the Board, I express my profound gratitude to all the staff for their dedication and loyal services, especially those who stuck to their posts with unremitting efforts during the difficult time of the spread of the novel coronavirus. Grateful thanks are also due to shareholders, bankers, business partners and members of the community who have supported the Company's development all along.

Hong Kong, 30 March 2021

By order of the Board,  
**Zhou Limin**  
*Chairman & Executive Director*

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

<i>Executive Directors</i>	<i>Non-Executive Directors</i>	<i>Independent Non-Executive Directors</i>
Mr Zhou Limin( <i>Chairman</i> )	Mr Liu Xudong	Mr Luo Zhenbang
Mr Jin Xuesheng ( <i>President</i> )	Mr Hua Chongzhi	Ms Leung Sau Fan, Sylvia
	Mr Mao Yijin	Mr Wang Xiaojun

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