CIMC-TianDa Holdings Company Limited
中集天達控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 445)

YEARLY RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

HIGHLIGHTS

- Revenue of the Group for the year ended 31 December 2019 increased 36.4% to RMB5,957.7 million.

- Profit of the Group for the year ended 31 December 2019 increased 25.1% to RMB244.1 million and profit attributable to owners of the Company increased 21.4% to RMB215.7 million.

- Basic earnings per share for the year ended 31 December 2019 was RMB1.46 cents (2018 (restated): RMB1.49 cents). Diluted earnings per share was RMB1.18 cents (2018 (restated): RMB1.08 cents).

- Subject to the approval of the shareholders in the general meeting of the Company, the Board recommends the payment of a dividend of HK0.42 cent per share out of the share premium account of the Company.

CHAIRMAN'S STATEMENT

I am delighted to report that CIMC-TianDa has delivered another year of record revenue and profit in 2019.

The Group's revenue for 2019 increased 36.4% to RMB5,957.7 million and profit rose 25.1% to RMB244.1 million. The outstanding performance is a reminder of the Group's growth through acquisitions strategies set before the Group acquired a substantial equity interests in Ziegler in 2015. Shanghai Jindun and Shenyang Jietong, the two newly acquired fire engines manufacturing companies in 2019, have contributed considerably to the Group's revenue and profit. The Group acquired also the remaining equity interests of Ziegler in 2019 and the Group has been marched towards the completion of the blueprint for the development of its fire engines and equipment business in the global market. It marks the beginning of the integration of the newly acquired entities that are critical to the Group's future sustainable growth. The Board has enjoined the management to make all-out effort on it.

The Group has expanded its product lines in the fire safety business by making a foray into the mobile fire stations and emergency rescue stations market. Combining the Group's knowledge and network in the fire safety industry in the PRC and the CIMC Group's experiences in Modular Integrated Construction and advantages in containers supply, a company was set up in July 2019 to run the new business stream. It is a high potential market and the new subsidiary has already made a profit, though not a big one, in its first five months of operations.

I am glad that the airport equipment segment also delivered a beautiful result in 2019. As a leader in the market providing superb products and services, we have always been the prioritized choice. In November 2019, the Group obtained the ever-largest contract, in terms of contract value, to provide passengers boarding bridges and pre-conditioned air units to the Chengdu Tianfu International Airport Terminal for a total contract sum of over RMB518 million (approximately 32.9% of the revenue of the airport equipment segment for 2019). The Group has been establishing a service network by setting up service centres in different regions of the world to serve the customers on one hand, and to build customer loyalty on the other in order to grasp all opportunities arise from the increasing investment in aviation infrastructure worldwide. The Group has been working hard on opening the US market but it is unfortunate that a longer-than-expected time is required because of certain macro-environmental reasons. I hope this final piece of puzzle will be put in place soon.

We aim to lead the market in all the businesses the Group engaged in. We play a pivotal role in the airport facilities business (especially the passengers boarding bridges business) and also the fire engines and equipment business. The Group have conduct series of internal restructuring to the logistics segment in an attempt to turnaround its unsatisfactory performance caused by the management problems. Different proposals are under consideration to tackle the long time underperformed automatic parking system business including disposal.

The Board is mindful to deliver value to our shareholders. The Company has adopted a dividend policy and intends to pay out an annual dividend payment at a payout ratio of not less than 25% of the profit attributable to owners of the Company for a financial year. I am delighted that and the Board is recommending a dividend of HK0.42 cent per share for 2019. The dividend is to be paid out of share premium account of the Company and is subject to approval of the shareholders at the general meeting of the Company to be convened. We endeavour to maintain a sustainable return to our shareholders in the long term, though it is not an easy task amidst all the risks and challenges from the changing macro-economic environment, swift technological updates and ever-intensifying competitions.

The recent outbreak of the novel coronavirus has posed a serious threat to the global community. Though it is difficult to tell how severe the impact will be at this point of time, the Group's sales, purchases, production and goods and service delivery will inevitably be affected by the travel restrictions, the supply chain disruptions and the weak consumption market. Thinking positively, this may enhance our crisis management skills and the economic assistance policies that may put forward later by the governments would possibly create us waves of opportunities.

I would like to express my immense gratitude to my fellow directors, staff, shareholders and business partners for their unwavering support. I am looking forward to another strong performing year in 2020. Wish everyone good health!

Li Yin Hui
Chairman
25 March 2020

The board of Directors (the "**Board**") of the Company hereby announces the audited consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of financial position of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2019, together with the comparative figures for 2018, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the year ended 31 December	
	Note	**2019**	2018
		RMB'000	RMB'000
			(Restated)
Revenue	*2*	**5,957,661**	4,367,631
Cost of sales and services		**(4,758,323)**	(3,592,853)
Gross profit		**1,199,338**	774,778
Selling and distribution expenses		**(257,288)**	(189,646)
General and administrative expenses		**(613,349)**	(449,193)
Net impairment losses on financial and contract assets	*3*	**(24,678)**	(21,173)
Other income	*4*	**96,999**	102,380
Other (losses)/gains – net	*5*	**(21,985)**	42,745
Operating profit		**379,037**	259,891
Finance costs	*6*	**(78,742)**	(35,077)
Share of net profit of associates		**15,106**	3,447
Profit before income tax		**315,401**	228,261
Income tax expense	*7*	**(71,339)**	(33,117)
Profit for the year	*8*	**244,062**	195,144
Profit for the year attributable to:			
Owners of the Company		**215,736**	177,713
Non-controlling interests		**28,326**	17,431
		244,062	195,144
Earnings per share for the profit attributable to owners of the Company	*9*	**RMB cents**	RMB cents (Restated)
Basic		**1.46**	1.49
Diluted		**1.18**	1.08

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the year ended 31 December	
	Note	**2019**	2018
		RMB'000	RMB'000
			(Restated)
Profit for the year		**244,062**	195,144
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**44,830**	11,286
Share of other comprehensive loss of associates		**-**	(43)
		44,830	11,243
Items that will not be reclassified to profit or loss:			
Re-measurement of defined benefit liabilities		**(3,094)**	616
Re-measurement of other employee benefits		**(378)**	(554)
		(3,472)	62
Other comprehensive income for the year, net of tax		**41,358**	11,305
Total comprehensive income for the year		**285,420**	206,449
Total comprehensive income for the year attributable to:			
Owners of the Company		**256,767**	189,088
Non-controlling interests		**28,653**	17,361
		285,420	206,449

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 31 December	
		2019	2018
	Notes	**RMB'000**	RMB'000
			(Restated)
ASSETS			
Non-current assets			
Prepaid land lease payments	*11*	**-**	113,274
Property, plant and equipment		**1,203,327**	945,405
Right-of-use assets		**382,970**	-
Investment properties		**256,835**	251,069
Intangible assets		**776,004**	402,954
Investments in associates		**204,504**	182,598
Deferred income tax assets		**74,336**	61,598
Other non-current assets		**3,716**	358,316
		2,901,692	2,315,214
Current assets			
Inventories		**2,252,450**	1,558,155
Contract assets		**673,281**	410,204
Trade receivables	*12*	**2,402,473**	1,548,665
Prepayments and other receivables		**615,621**	526,038
Financial assets at fair value through other comprehensive income		**16,829**	22,065
Amounts due from related parties		**27,165**	29,376
Financial assets at fair value through profit or loss		**88**	-
Pledged bank deposits		**34,342**	17,057
Cash and cash equivalents		**768,386**	557,469
		6,790,635	4,669,029
Total assets		**9,692,327**	6,984,243

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

		At 31 December	
		2019	2018
	Notes	**RMB'000**	RMB'000
			(Restated)
LIABILITIES			
Non-current liabilities			
Trade and other payables	*14*	**37,144**	32,293
Lease liabilities		**122,081**	-
Finance lease liabilities		**-**	267
Convertible bonds	*15*	**73,322**	84,327
Borrowings		**341,819**	155,416
Deferred income tax liabilities		**70,886**	26,940
Deferred income		**83,550**	66,619
Provisions		**2,564**	4,929
		731,366	370,791
Current liabilities			
Trade and other payables	*14*	**1,964,205**	1,533,116
Amounts due to related parties		**349,849**	79,247
Contract liabilities		**1,338,812**	744,088
Current income tax liabilities		**46,598**	53,951
Borrowings		**1,585,909**	1,088,755
Lease liabilities		**17,683**	-
Finance lease liabilities		**-**	71
Financial liabilities at fair value through profit or loss		**984**	-
Provisions		**138,482**	107,517
		5,442,522	3,606,745
Total liabilities		**6,173,888**	3,977,536
Net assets		**3,518,439**	3,006,707
EQUITY			
Share capital	*13*	**136,512**	123,522
Reserves		**2,974,939**	2,835,739
Equity attributable to owners of the Company		**3,111,451**	2,959,261
Non-controlling interests		**406,988**	47,446
Total equity		**3,518,439**	3,006,707

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2018 (restated)

		Attributable to owners of the Company										
	Notes	Share capital RMB'000	Share premium RMB'000	Assets revaluation reserve RMB'000	Surplus reserve RMB'000	Convertible bonds – equity conversion reserves RMB'000	Other reserves RMB'000	Currency translation reserves RMB'000	Retained earnings RMB'000	Subtotal RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 31 December 2017		51,753	1,914,868	23,284	9,378	1,767,791	(3,121,582)	32,781	546,091	1,224,364	241,405	1,465,769
Ziegler under common control combination		-	-	-	-	-	323,345	-	-	323,345	217,685	541,030
At 1 January 2018 (restated)		51,753	1,914,868	23,284	9,378	1,767,791	(2,798,237)	32,781	546,091	1,547,709	459,090	2,006,799
Profit for the year (restated)		-	-	-	-	-	-	-	177,713	177,713	17,431	195,144
Other comprehensive income (restated)		-	-	-	-	-	19	11,356	-	11,375	(70)	11,305
Total comprehensive income for the year (restated)		-	-	-	-	-	19	11,356	177,713	189,088	17,361	206,449
Issuance of ordinary shares pursuant to reverse acquisition	*13 (iii)*	39,977	1,037,907	-	-	-	164,636	-	-	1,242,520	-	1,242,520
Issuance of convertible bonds pursuant to reverse acquisition – liability portion		-	-	-	-	-	-	-	(102,519)	(102,519)	-	(102,519)
Non-controlling interests recognised pursuant to reverse acquisition		-	-	-	-	-	(7,441)	-	-	(7,441)	7,441	-
Transaction with non-controlling interests	*13 (iv)*	8,135	300,983	-	-	289,893	(406,624)	-	-	192,387	(209,198)	(16,811)
Issuance of ordinary shares	*13 (v)*	5,448	191,770	-	-	-	-	-	-	197,218	-	197,218
Issuance of shares upon conversion of convertible bonds	*15*	18,209	709,911	-	-	(688,120)	-	-	-	40,000	-	40,000
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	-	(1,859)	(1,859)
Acquisition of additional interest in Ziegler		-	-	-	-	-	(339,701)	-	-	(339,701)	(225,389)	(565,090)
Total transactions with owners, recognised directly in equity		71,769	2,240,571	-	-	(398,227)	(589,130)	-	(102,519)	1,222,464	(429,005)	793,459
At 31 December 2018 (restated)		123,522	4,155,439	23,284	9,378	1,369,564	(3,387,348)	44,137	621,285	2,959,261	47,446	3,006,707

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont’d)

For the year ended 31 December 2019

		Attributable to owners of the Company										
	Notes	Share capital RMB’000	Share premium RMB’000	Assets revaluation reserve RMB’000	Surplus reserve RMB’000	Convertible bonds – equity conversion reserves RMB’000	Other reserves RMB’000	Currency translation reserves RMB’000	Retained earnings RMB’000	Subtotal RMB’000	Non-controlling interests RMB’000	Total RMB’000
At 1 January 2019		123,522	4,155,439	23,284	9,378	1,369,564	(3,387,348)	44,137	621,285	2,959,261	47,446	3,006,707
Profit for the year		-	-	-	-	-	-	-	215,736	215,736	28,326	244,062
Other comprehensive income		-	-	-	-	-	(3,472)	44,503	-	41,031	327	41,358
Total comprehensive income for the year		-	-	-	-	-	(3,472)	44,503	215,736	256,767	28,653	285,420
Issuance of ordinary shares pursuant to acquisition of Shanghai Jindun	*13 (vii)*	4,734	132,570	-	-	-	-	-	-	137,304	-	137,304
Disposal of interests in a subsidiary without loss of control		-	-	-	-	-	1,282	-	-	1,282	6,218	7,500
Dividends to non-controlling interests		-	-	-	-	-	-	-	-	-	(3,963)	(3,963)
Non-controlling interests recognized upon acquisition of a subsidiary		-	-	-	-	-	-	-	-	-	319,634	319,634
Capital injection from non-controlling interests of a subsidiary		-	-	-	-	-	-	-	-	-	9,000	9,000
Issuance of shares upon conversion of convertible bonds	*15*	8,256	290,660	-	-	(280,353)	-	-	-	18,563	-	18,563
Profit appropriations to statutory reserves		-	-	-	11,156	-	-	-	(11,156)	-	-	-
Contribution from shareholders		-	-	-	-	-	(16,380)	-	-	(16,380)	-	(16,380)
Distribution to previous shareholders of Ziegler under common control combination		-	-	-	-	-	(245,346)	-	-	(245,346)	-	(245,346)
Total transactions with owners, recognised directly in equity		12,990	423,230	-	11,156	(280,353)	(260,444)	-	(11,156)	(104,577)	330,889	226,312
At 31 December 2019		136,512	4,578,669	23,284	20,534	1,089,211	(3,651,264)	88,640	825,865	3,111,451	406,988	3,518,439

Notes:

1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), requirements of the Hong Kong Companies Ordinance (Cap.622) and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments at fair value through profit or loss, defined benefit pension plans and investment properties, which are carried at fair value.

On 23 December 2019, the Company completed the acquisition (the "**Ziegler Acquisition**") of 60% equity interests of Albert Ziegler GmbH ("**Ziegler**") from CIMC Top Gear B.V., a subsidiary of China International Marine Containers (Group) Limited ("**CIMC**"), the Company's controlling shareholder. The consideration of EUR31,470,000 (equivalent to approximately RMB245,346,000) is to be payable by way of cash (or other kind of consideration as may be agreed by the Group and CIMC Top Gear B.V.) within one year from the date of completing the Ziegler Acquisition.

Ziegler was owned as to 40% by the Company and 60% by CIMC Top Gear B.V. prior to the Ziegler Acquisition. Upon completion of the Ziegler Acquisition, Ziegler became a wholly owned subsidiary of the Company. Since the Company and Ziegler are ultimately controlled by CIMC both before and after the Ziegler Acquisition, it is regarded as a "common control combination". Accordingly, the Group has applied the principles of merger accounting to account for the Ziegler Acquisition in accordance with the Accounting Guideline 5 *"Merger Accounting for Common Control Combinations"* (the "**AG5**") issued by the HKICPA.

In applying merger accounting, the consolidated financial statements incorporate the financial statement items of the combining entities in which the common control combination occurs as if they had been combined from the date when the combining entities first came under the control of the controlling party.

The net assets of the combining entities are consolidated using the existing book value from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuant of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities from the earliest date presented or since the date when the combining entities first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

1 Basis of preparation *(cont'd)*

The comparative amounts in the consolidated financial statements are presented as if the combining entities had been combined at the previous balance sheet date unless they first came under common control at a later date.

Reconciliation of the results of operations for the year ended 31 December 2018 and the financial positions as at 31 December 2018 previously reported by the Group and the restated amounts presented in the consolidated financial statements are set out below:

	For the year ended 31 December 2018			
	The Group	Ziegler	Adjustment and elimination	The Group
	RMB'000	RMB'000	RMB'000	RMB'000
	(as previously reported)			(restated)
Revenue	2,786,421	1,581,210	-	4,367,631
Profit for the year	172,618	17,823	4,703	195,144
Profit attributable to owners of the Company	165,403	17,433	(5,123)	177,713
	As at 31 December 2018			
Current assets	3,345,111	1,323,918	-	4,669,029
Total assets	5,901,010	1,656,720	(573,487)	6,984,243
Current liabilities	2,695,032	911,713	-	3,606,745
Total liabilities	2,878,681	1,098,855	-	3,977,536
Equity attributable to owners of the Company	2,977,379	555,369	(573,487)	2,959,261

Details of the Ziegler Acquisition have been disclosed in the announcement and circular of the Company dated 26 September 2019 and 19 November 2019 respectively.

Change in accounting policies

The Group adopted and applied HKFRS 16 *Leases* and other applicable new standards and amendments that were effective commencing the financial year beginning at 1 January 2019. The Group has changed its accounting policies as a result of adopting HKFRS 16. The Group elected to adopt HKFRS 16 retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. Most of the other amendments applied did not have material impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

1 Basis of preparation *(cont'd)*

Change in accounting policies (cont'd)

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 *Leases.* These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 were 4% to 4.99%. For leases previously classified as finance leases, the Group recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of HKFRS 16 are only applied after that date.

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relying on previous assessments on whether leases are onerous;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 and HK(IFRIC) 4 "Determining whether an Arrangement contains a Lease".

(ii) Measurement of lease liabilities

	RMB'000
Operating lease commitments disclosed as at 31 December 2018 (restated)	163,701
Discounted using the lessee's incremental borrowing rates of at the date of initial application	131,698
Add: finance lease liabilities recognised as at 31 December 2018	338
(Less): low-value and short-term leases not recognized as a liability	(10,392)
(Less): commitments relating to a lease with no defined lease terms	(13,436)
Lease liability recognized as at 1 January 2019	108,208
Of which are:	
Current lease liabilities	13,407
Non-current lease liabilities	94,801
	108,208

1 Basis of preparation *(cont'd)*

Change in accounting policies (cont'd)

(iii) Measurement of right-of-use assets

Under the simplified transition approach, the associated right-of-use assets for property leases were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The prepaid land lease payments were reclassified to right-of-use assets as of 1 January 2019.

The right-of-use assets recognised related to the following types of assets:

	At 1 January 2019
	RMB'000
Prepaid land lease payments	113,274
Land and properties	102,328
Technical plant and equipment	6,205
Total right-of-use assets	221,807

(vi) Adjustments recognised in the balance sheet on 1 January 2019

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

	Increase/(decrease) by
	RMB'000
Prepaid land lease payments	(113,274)
Rights-of-use assets	221,807
Leased liabilities	108,208
Other non-current assets	(325)

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

2 Revenue and segment information

The Group has three reportable segments which are the Group's strategic business units. The strategic business units offer different goods and services and are managed separately because they require different production techniques and marketing strategies. The Group' Chief Executive Officer ("**CEO**") manages and monitors the businesses of each of the strategic business unit and reviews the internal management reports at least on a quarterly basis. Reportable segments are identified based on the reports reviewed by the CEO that are used for making strategic decisions, allocating resources and assessing performance. The following summarizes the operations of each of the Group's reportable segments:

- Airport equipment and automated parking systems: the manufacture and sales of passenger boarding bridges, airport support equipment and automated vehicle parking systems;
- Logistic systems: the provision of engineering and computer software solutions for airport logistics, e-commerce, express delivery and warehousing; and
- Fire engines and fire prevention and fighting equipment: the production and sale of fire engines, fire prevention and fighting equipment and mobile fire stations and rescue stations.

The accounting policies of the reportable segments are the same as those adopted in preparing the consolidated financial statements.

Information about operating segment profit or loss:

For the year ended 31 December 2019

	Airport equipment and automated parking systems	Fire engines and fire prevention and fighting equipment	Logistic systems	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Timing of revenue recognition				
- **At a point in time**	1,327,188	3,455,141	277,603	5,059,932
- **Over time**	246,232	-	651,497	897,729
Revenue from external customers	1,573,420	3,455,141	929,100	5,957,661
Reportable segment profit before income tax	183,103	173,402	17,928	374,433
Unallocated corporate expenses				(74,138)
Share of net profit of associates				15,106
Profit before income tax				315,401
Income tax expense				(71,339)
Profit for the year				244,062
Other information:				
Depreciation of property, plant and equipment and right-of-use assets	37,082	61,573	13,453	112,108
Amortisation of intangible assets	10,309	62,161	1,110	73,580

2 Revenue and segment information *(cont'd)*

Information about operating segment profit or loss *(cont'd)*:

For the year ended 31 December 2018 (restated)

	Airport equipment and automated parking systems	Fire engines and fire prevention and fighting equipment	Logistic systems	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Timing of revenue recognition				
- At a point in time	1,241,229	2,121,322	280,355	3,642,906
- Over time	116,081	7,857	600,787	724,725
Revenue from external customers	1,357,310	2,129,179	881,142	4,367,631
Reportable segment profit before income tax	173,042	48,152	19,364	240,558
Unallocated corporate expenses				(15,744)
Share of net profit of associates				3,447
Profit before income tax				228,261
Income tax expenses				(33,117)
Profit for the year				195,144
Other information:				
Depreciation of property, plant and equipment	26,862	30,083	9,644	66,589
Amortisation of intangible assets and prepaid land lease payments	10,973	19,452	1,540	31,965

2 Revenue and segment information *(cont'd)*

Information about operating segment assets and liabilities *(cont'd)*:

As at 31 December 2019

	Airport equipment and automated parking systems	Fire engines and fire prevention and fighting equipment	Logistic systems	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Reportable segment assets					
Trade receivables	892,455	1,265,389	244,629	-	2,402,473
Inventories	674,291	1,396,038	182,121	-	2,252,450
Property, plant and equipment	406,569	638,268	158,490	-	1,203,327
Contract assets	206,639	175,191	291,451	-	673,281
Intangible assets	83,743	565,224	127,037	-	776,004
Investment properties	70,825	-	186,010	-	256,835
Right-of-use assets	87,487	231,188	62,375	1,920	382,970
Financial assets at fair value through other profit or loss	88	-	-	-	88
Financial assets at fair value through other comprehensive income	11,935	4,499	395	-	16,829
Investment in associates	-	-	-	204,504	204,504
Pledged bank deposits	-	-	-	34,342	34,342
Cash and cash equivalents	-	-	-	768,386	768,386
Prepayment and other receivables	-	-	-	615,621	615,621
Other non-current assets	-	-	-	3,716	3,716
Deferred income tax assets	-	-	-	74,336	74,336
Amounts due from related parties	-	-	-	27,165	27,165
	2,434,032	4,275,797	1,252,508	1,729,990	9,692,327
Liabilities					
Reportable segment liabilities					
Trade payables	365,157	449,868	219,261	-	1,034,286
Contract liabilities	871,091	276,314	191,407	-	1,338,812
Provisions	77,378	33,327	30,341	-	141,046
Borrowings	-	-	-	1,927,728	1,927,728
Other payables	-	-	-	967,063	967,063
Amounts due to related parties	-	-	-	349,849	349,849
Convertible bonds	-	-	-	73,322	73,322
Current income tax liabilities	-	-	-	46,598	46,598
Deferred income tax liabilities	-	-	-	70,886	70,886
Deferred income	-	-	-	83,550	83,550
Lease liabilities	41,141	54,061	42,498	2,064	139,764
Financial liabilities at fair value through profit or loss	984	-	-	-	984
	1,355,751	813,570	483,507	3,521,060	6,173,888

2 Revenue and segment information *(cont'd)*

Information about operating segment assets and liabilities *(cont'd)*:

As at 31 December 2018 (restated)

	Airport equipment and automated parking system	Fire engines and fire prevention and fighting equipment	Logistic systems	Unallocated	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Reportable segment assets					
Trade receivables	683,050	644,456	221,159	-	1,548,665
Inventories	489,972	1,022,859	45,324	-	1,558,155
Property, plant and equipment	387,627	378,787	178,991	-	945,405
Contract assets	131,740	38,730	239,734	-	410,204
Intangible assets	99,323	175,141	128,490	-	402,954
Investment properties	70,173	-	180,896	-	251,069
Prepaid land lease payments	47,941	44,184	21,149	-	113,274
Financial assets at fair value through other comprehensive income	22,065	-	-	-	22,065
Investment in associates	-	-	-	182,598	182,598
Pledged bank deposits	-	-	-	17,057	17,057
Cash and cash equivalents	-	-	-	557,469	557,469
Prepayment and other receivables	-	-	-	526,038	526,038
Other non-current assets	-	-	-	358,316	358,316
Deferred income tax assets	-	-	-	61,598	61,598
Amounts due from related parties	-	-	-	29,376	29,376
	1,931,891	2,304,157	1,015,743	1,732,452	6,984,243
Liabilities					
Reportable segment liabilities					
Trade payables	311,536	426,781	182,089	-	920,406
Contract liabilities	424,430	260,301	59,357	-	744,088
Provisions	54,589	36,983	20,874	-	112,446
Borrowings	-	-	-	1,244,171	1,244,171
Other payables	-	-	-	645,003	645,003
Finance lease liabilities	-	338	-	-	338
Amounts due to related parties	-	-	-	79,247	79,247
Convertible bonds	-	-	-	84,327	84,327
Current income tax liabilities	-	-	-	53,951	53,951
Deferred income tax liabilities	-	-	-	26,940	26,940
Deferred income	-	-	-	66,619	66,619
	790,555	724,403	262,320	2,200,258	3,977,536

3 Net impairment losses on financial and contract assets

	2019	2018
	RMB'000	RMB'000
		(Restated)
Impairment loss allowance for trade receivables	**22,832**	19,882
Impairment loss allowance for other receivables	**500**	1,291
Impairment loss allowance for contract assets	**1,346**	-
	24,678	21,173

4 Other income

	2019	2018
	RMB'000	RMB'000
		(Restated)
Rental income	**41,213**	43,453
Government grants	**39,549**	33,283
Sale of scrap materials	**6,508**	4,570
Compensation and indemnities	**2,987**	11,397
Interest income	**3,270**	2,314
Dividend income	**-**	31
Revenue from canteens	**671**	640
Others	**2,801**	6,692
	96,999	102,380

5 Other gains/ (losses) - net

	2019	2018
	RMB'000	RMB'000
		(Restated)
Reversal of penalties	**-**	21,101
Net (losses)/gains on disposal of property, plant and equipment	**(257)**	123
Losses on fair value of other financial instruments	**(896)**	-
Losses on disposal of other financial assets	**(6,639)**	(1,540)
Gains on fair value of investment properties	**652**	601
Losses on fair value of financial liabilities through profit or loss	**(4,829)**	-
Loss on goodwill impairment	**(5,288)**	-
Loss on disposal of an associate	**(295)**	-
Net foreign exchange (losses)/gains	**(8,804)**	16,844
Others	**4,371**	5,616
	(21,985)	42,745

6 Finance costs

	2019	2018
	RMB'000	RMB'000
		(Restated)
Interest expenses on loans from related parties	**12,916**	9,711
Interest expenses on bank borrowings	**50,656**	17,940
Interest expenses on convertible bonds (note 15)	**8,898**	5,982
Interest expense on leases	**4,781**	-
Others	**1,491**	1,444
	78,742	35,077

7 Income tax expense

Income tax expense has been recognised in profit or loss as follows:

	2019	2018
	RMB'000	RMB'000
		(Restated)
Current income tax		
Current tax on profits for the year	**82,530**	38,289
Over-provision in prior years	**(1,064)**	(184)
	81,466	38,105
Deferred income tax	**(10,127)**	(4,988)
Income tax expense	**71,339**	33,117

8 Profit for the year

Profit for the year has been arrived at after charging the following:

	2019	2018
	RMB'000	RMB'000
		(Restated)
Cost of inventories	**3,376,250**	2,531,544
Employee benefit expenses	**1,038,902**	842,861
Subcontracting expense	**412,824**	375,906
Depreciation of property, plant and equipment	**87,627**	66,589
Amortisation of intangible assets	**73,580**	29,593
Depreciation of right-of-use assets	**24,481**	-
Amortisation of prepaid land lease payments	**-**	2,372

9 Earnings per share

	2019	2018
	RMB cents	RMB cents
		(Restated)
Basic earnings per share	**1.46**	1.49
Diluted earnings per share	**1.18**	1.08

The calculations of the basic and diluted earnings per share are based on the following:

	2019	2018
Earnings	**RMB'000**	RMB'000
		(Restated)
Profit attributable to owners of the Company for the purpose of calculating basic earnings per share	**215,736**	177,713
Finance costs saving on conversion of convertible bonds outstanding (net of tax)	**7,430**	4,995
Profit attributable to owners of the Company for the purpose of calculating diluted earnings per share	**223,166**	182,708
Number of shares	**'000**	'000
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**14,799,939**	11,915,738
Effect of dilutive potential ordinary shares arising from convertible bonds outstanding	**4,083,538**	4,953,751
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**18,883,477**	16,869,489

There was no dilutive effect of the share options granted to the earnings per share as the average market prices of the Shares for the years ended 31 December 2019 and 2018 were lower than the exercise price of the share options granted.

10 Dividends

The Board recommended the payment of a final dividends of HK0.42 cent per fully paid share of HK$0.01 each in the capital of the Company (the "**Share**") (2018: Nil). The aggregate amount of the proposed final dividends of approximately HK$66,949,000 (equivalent to approximately RMB59,971,000 assuming no change in the number of issued Shares from the date of this announcement to the dividend ex-entitlement date that is to be announced) is expected to be paid out of the share premium account of the Company. The payment of the proposed final dividends is subject to the approval of the Shareholders of the Company at the general meeting of the Company to be convened and in accordance with the Companies Law of the Cayman Islands, Cap 22 (Law 3 of 1961, as consolidated and revised) and the articles of association of the Company.

11 Prepaid land lease payments

The prepaid land lease payments has been reclassified to right-of-use assets upon adoption of HKFRS 16 *Leases*, which was effective commencing the financial year beginning at 1 January 2019. Details of the change in accounting policies have been set out in Note 1 "Basis of preparation – change in accounting policies".

12 Trade receivables

	2019	2018
	RMB'000	RMB'000
		(Restated)
Trade receivables	**2,521,816**	1,648,529
Less: provision for impairment of trade receivables	**(119,343)**	(99,864)
	2,402,473	1,548,665

As at 31 December 2019 and 2018, the fair value of the trade receivables of the Group approximated their carrying amounts.

The movement of provision for impairment for trade receivables is as follows:

	2019	2018
	RMB'000	RMB'000
At beginning of the year	**99,864**	79,872
Provision for trade receivables	**48,279**	27,729
Unused amount reversed	**(25,447)**	(7,848)
Allowance utilised	**(3,952)**	-
Currency translation differences	**599**	111
At end of the year	**119,343**	99,864

The Group allows an average credit period of 30 days to 180 days to its trade customers. The aging analysis of trade receivables, based on the invoice date, before provision for impairment at 31 December 2019 and 2018 are as follows:

	2019	2018
Trade receivables – gross	**RMB'000**	RMB'000
		(Restated)
0 - 90 days	**1,789,339**	1,001,083
91 - 180 days	**153,887**	234,933
181 - 360 days	**299,810**	183,997
Over 360 days	**278,780**	228,516
	2,521,816	1,648,529

13 Share capital

Authorised:	Number of Shares	Amount HKD'000
Shares of HKD0.01 each at 1 January 2018	10,000,000,000	100,000
Increase in authorised capital (note i)	40,000,000,000	400,000
Shares of HKD0.01 each at 31 December 2018, 1 January 2019 and 31 December 2019	50,000,000,000	500,000

Issued and fully paid:	Number of Shares	Amount RMB'000
At 1 January 2018 (note ii)	6,455,428,570	51,753
Issuance of ordinary Shares pursuant to reverse acquisition (note iii)	4,078,571,430	39,977
Issuance of consideration Shares to acquire a non-controlling interest (note iv)	1,014,679,470	8,135
Issuance of Shares pursuant to a subscription agreement (note v)	673,225,000	5,448
Issuance of Shares pursuant to conversion of convertible bonds by bondholders (note vi)	2,250,000,000	18,209
At 31 December 2018 and 1 January 2019	14,471,904,470	123,522
Issue of Shares pursuant to an acquisition agreement (note vii)	**551,564,448**	**4,734**
Issuance of Shares pursuant to conversion of convertible bonds by bondholders (note vi)	**916,692,965**	**8,256**
At 31 December 2019	**15,940,161,883**	**136,512**

note i: Pursuant to the ordinary resolution passed by the Independent Shareholders (as defined in the circular of the Company dated 15 March 2018) at the extraordinary general meeting of the Company on 11 April 2018, the authorised share capital of the Company increased from 10,000,000,000 shares of HKD0.01 each to 50,000,000,000 shares of HKD0.01 each.

note ii: The Company completed the acquisition of 99.41% equity interests of Pteris Global Limited ("**Pteris**") on 23 April 2018 in accordance with the sales and purchase agreement dated 4 December 2017 (the "**Pteris Acquisition**"). The Pteris Acquisition was accounted for by the Company with the reverse acquisition accounting as per HKFRS 3 *"Business Combination"*. Accordingly, the equity structure of Pteris (the accounting acquirer) was restated using the exchange ratio established in the agreement of the Pteris Acquisition to reflect the number of shares of the Company (the accounting acquiree) issued to the vendors of the Pteris Acquisition in the reverse acquisition, being 6,455,428,570 Shares at HKD0.38 each (the closing trading price of shares of the Company at date of completion of the Pteris Acquisition). Details of the Pteris Acquisition have been set out in the announcement and circular of the Company dated 4 December 2017 and 15 March 2018 respectively.

13 Share capital *(cont'd)*

note iii: The fair value of the consideration transferred by Pteris, as the accounting acquirer, in relation to the Pteris Acquisition at the date of completion, which was determined using the fair value of the issued equity of the Company immediately before the completion of the Pteris Acquisition, being 4,078,571,430 Shares in issue at HKD0.38 each (the closing trading price of shares of the Company at date of completion of the Pteris Acquisition).

note iv: Shares issued to satisfy part of the consideration for the acquisition of 30% equity interests in Shenzhen CIMC-Tianda Airport Support Ltd. (深圳中集天達空港設備有限公司) pursuant to the equity transfer agreement dated 4 December 2017 (the "**Tianda Acquisition**"). Details of the Tianda Acquisition have been set out in the announcement and circular of the Company dated 4 December 2017 and 15 March 2018 respectively.

note v: Shares issued to State-Owned Enterprise Structural Adjustment China Merchants Buyout Fund (Limited Partnership) (深圳國調招商併購股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC, at HKD0.366 per share pursuant to the subscription agreement dated 6 February 2018. Details of the subscription have been set out in the announcement and circular of the Company dated 6 February 2018 and 15 March 2018 respectively.

note vi: Shares issued upon conversion of convertible bonds at an initial conversion price of HKD0.366 per share or RMB0.3111 per share at the agreed fixed exchange rate of HKD1: RMB0.85 (the "**Initial Conversion Price**") (Note 15).

note vii: Shares issued to satisfy part of the consideration for the acquisition of Shanghai Jindun Special Vehicle Equipment Co., Ltd. (上海金盾特種車輛裝備有限公司) ("**Shanghai Jindun**") that was completed in April 2019.

14 Trade and other payables

	2019	2018
	RMB'000	RMB'000
Current		(Restated)
Trade payables	**1,034,286**	920,406
Dividends payable (Note)	**79,083**	74,899
Convertible bonds interests payable	**908**	986
Staff salaries, bonuses, welfare payables and employees benefit obligations	**159,409**	112,556
Accruals and other payables	**690,519**	424,269
	1,964,205	1,533,116
Non-current		
Advances received	**-**	8,752
Other payables	**12,852**	5,943
Employees benefit obligations	**24,292**	17,598
	37,144	32,293

Note: The dividends payable represented (i) the unpaid dividends to China International Marine Containers (Hong Kong) Ltd, the then shareholder of a subsidiary of the Company, which were declared in the financial years of 2011 and 2013; and (ii) the unpaid dividends to Beijing Bowei Airport support Co., Ltd., a non-controlling shareholder of Xinfa Airport Equipment Ltd., a subsidiary of the Company, which were declared in the financial years of 2018 and 2019.

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2019	2018
	RMB'000	RMB'000
		(Restated)
0 - 60 days	**729,587**	494,003
61 - 120 days	**96,961**	214,712
121 - 240 days	**60,851**	90,642
Over 240 days	**146,887**	121,049
	1,034,286	920,406

15 Convertible bonds

The Company issued convertible bonds with aggregate principal amount of RMB1,798,246,888 and RMB294,886,806 on 23 April 2018, to satisfy part of the consideration for the Pteris Acquisition and Tianda Acquisition, respectively. The convertible bonds are to be matured on the 22 April 2048, being the 30th anniversary of the issue date. They bear interest from and including the issue date at 0.1% per annum, payable annually in arrear on each anniversary from the issue date. Subject to the terms and condition of the convertible bonds, each bondholders has the right to convert the bonds into shares of the Company credited as fully paid at any time from the issue date to maturity date, at the Initial Conversion Price.

15 Convertible bonds *(cont'd)*

The estimated fair value of the convertible bonds issued, as calculated using the Binomial pricing model, was approximately RMB2,177,015,000 at the date of issue and have been split between the liability element and an equity component. During the year ended 31 December 2019, convertible bonds with an aggregate principal value of RMB285,183,182 were converted into 916,692,965 Shares (2018: convertible bonds with an aggregate principal value of RMB699,975,000 were converted into 2,250,000,000 Shares) at the Initial Conversion Price. The value of the liability component of the convertible bonds at 31 December 2019 and 2018 is as follows:

	2019	2018
	RMB'000	RMB'000
Fair value of the convertible bonds at date of issue		2,177,015
Equity component		(2,057,684)
Liability component at date of issue		119,331
Liability component at 1 January	**84,327**	-
Conversion into shares of the Company	**(18,563)**	(40,000)
Interest charged (Note 6)	**8,898**	5,982
Interest accrual	**(1,340)**	(986)
Liability component at 31 December	**73,322**	84,327

The inputs into the model of valuation of the convertible bonds at 23 April 2018, the date of issue, were as follows:

Share price	RMB0.3230
Conversion price	RMB0.3111
Expected volatility	51%
Expected life	30 years
Risk free rate	4.07%
Expected dividend yield	Nil

16 Business combinations (other than under common control)

During the year ended 31 December 2019, the Group completed the acquisitions of (i) the entire equity interests in Shanghai Jindun; and (ii) 60% equity interests in Shenyang Jietong Fire Truck Co., Ltd. (瀋陽捷通消防車有限公司) ("**Shenyang Jietong**"). Details of the acquisitions have been set out in the "Management Discussion and Analysis" of this announcement under the section *"Investments, disposals, capital commitments, contingent liabilities and pledge of assets – Investments"*. The fair values of the assets and liabilities of the Shanghai Jindun and Shenyang Jietong as at the dates of acquisitions are set out as follows:

	At date of acquisitions		
	Shanghai Jindun	**Shenyang Jietong**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Property, plant and equipment	43,297	238,751	282,048
Right-of-use assets	84,751	53,700	138,451
Intangible assets	31,542	175,838	207,380
Deferred income tax assets	2,133	-	2,133
Other non-current assets	927	-	927
Inventories	73,882	302,855	376,737
Trade receivables	174,296	292,765	467,061
Prepayment and other receivables	68,496	74,156	142,652
Financial assets at fair value through other comprehensive income	2,289	3,563	5,852
Financial assets at fair value through profit or loss	1,007	3,822	4,829
Contract assets	24,812	69,548	94,360
Pledged bank deposits	32,018	44,741	76,759
Cash and cash equivalents	21,628	67,438	89,066
	561,078	1,327,177	1,888,255
Trade and other payables	(57,474)	(228,178)	(285,652)
Contract liabilities	(43,331)	(70,484)	(113,815)
Borrowings	(170,000)	(177,004)	(347,004)
Provisions	(1,911)	-	(1,911)
Current income tax liabilities	(383)	(27)	(410)
Deferred income tax liabilities	(17,718)	(29,221)	(46,939)
Deferred income	(6,875)	(19,355)	(26,230)
	(297,692)	(524,269)	(821,961)
Fair value of net identifiable assets	263,386	802,908	1,066,294
Non-controlling interests	-	(319,634)	(319,634)
Goodwill	102,998	116,726	219,724
Total purchase consideration	366,384	600,000	966,384
Total purchase consideration comprises:			
Cash consideration	229,080	600,000	829,080
Consideration Shares issued	137,304	-	137,304
	366,384	600,000	966,384

SHARE OPTIONS

As at 31 December 2019, the Company had the following share options outstanding which were granted to certain directors of the Company and full time employees of the Group in accordance with the terms of the share option scheme of the Company adopted on 29 May 2009 (the "**2009 Share Option Scheme**").

	Number of shares of HKD0.01 each of the Company issuable under the options					
Grantees	**Outstanding at 1 January 2019**	**Granted during the year**	**Exercised during the year**	**Outstanding at 31 December 2019**	**Exercise price (HKD)**	**Percentage of issued share capital of the Company at 31 December 2019**
Directors of the Company						
Mr. Jiang Xiong	4,000,000	-	-	4,000,000	0.42	0.025%
Dr. Loke Yu	4,000,000	-	-	4,000,000	0.42	0.025%
Mr. Heng Ja Wei	4,000,000	-	-	4,000,000	0.42	0.025%
Mr. Ho Man	2,000,000	-	-	2,000,000	0.42	0.013%
	14,000,000	-	-	14,000,000		0.088%
Other employees	101,625,000	-	-	101,625,000	0.42	0.638%
	115,625,000	-	-	115,625,000		0.726%

The shares options outstanding at 1 January 2019 and 31 December 2019 were granted to the grantees on 26 August 2015. They will be valid for 10 years from 26 August 2015 to 25 August 2025 (both dates inclusive). The share options granted were all vested on 11 July 2017.

The 2009 Share Option Scheme, which was adopted for a term of 10 years, was expired on 28 May 2019. Upon the expiry of the 2009 Share Option Scheme, no further options will be granted thereunder. However, the provisions of the 2009 Share Option Scheme shall remain in full force to the extent necessary to give effect to the exercise of the options in the table above, which were granted during the life of the 2009 Share Option Scheme, and continue to be exercisable in accordance with their terms of issue.

A new share option scheme was adopted by the Company on 13 December 2019 (the "**New Share Option Scheme**") upon fulfillment of the conditions precedents of the New Share Option Scheme which included the passing of an ordinary resolution to approve the adoption of the New Share Option Scheme by the Shareholders of the Company at the extraordinary general meeting of the Company held on 11 December 2019. The purpose of the New Share Option Scheme is to enable the Company to grant Options to selected full time employees (including directors) of the Group as incentives or rewards for their contribution or potential contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group. Subject to the terms of the New Share Option Scheme, the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme is 1,561,436,648 Shares, being 10% of the total number of Shares in issue as at the date of approval of the New Share Option Scheme. No share option has been granted under the New Share Option Scheme up to the date of this announcement.

SHARE OPTIONS *(Cont'd)*

Details of the terms of the New Share Option Scheme have been set out in the circular of the Company dated 19 November 2019.

Save as disclosed, no share options were granted, exercised, cancelled or lapsed during the year ended 31 December 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

The Group reported another year of record high revenue of RMB5,957.7 million for the year ended 31 December 2019, represented a growth of 36.4% as compared to last year. Profit for the year increased 25.1% to RMB244.1 million. The Group's revenue and profit for the year was mainly contributed by the airport equipment segment and fire engines and equipment segment. An analysis of the Group's business by its business segments are stated below.

As the acquisition of Ziegler was accounted for using the principles of merger accounting in accordance with the AG 5 *"Merger Accounting for Common Control Combinations"*, the comparative figures of the consolidated financial statements for 2018 have been restated to include the financial information of Ziegler. The basis of accounting for the Ziegler Acquisition is explained in more detail in the "Basis of preparation" in Note 1 to the consolidated financial statements.

Airport equipment and automated parking systems
Revenue: RMB1,573.4 million (2018: RMB1,357.3 million); segment profit before income tax: RMB183.1 million (2018: RMB173 million)

The airport equipment and automated parking systems segment includes primarily the design, manufacturing, installation and sale of three major categories of products and services: the passenger boarding bridges (PBB) and the ground support equipment (GSE) and the automated parking systems (APS). Among the three of them, PBB has contributed over 84% and 94% of the segment's revenue and profit before income tax, respectively.

Revenue and profit growth for the year was mainly attributable to (i) the completion of a number of sizable contracts including those for airports in Qingdao, Beijing and Pudong of Shanghai; and (ii) the increase in revenue from the provision maintenance and renovation services as a result of the new service centres in China and Europe established in recent years. The Group has successfully outplayed its competitors to secure contracts with many domestic and foreign airports operators during the year. It has been selected the supplier of PBB and certain other PBB-mounted equipment to the airports in Shenzhen, Chengdu and Kunming for a total sum of exceeding RMB800 million. The single contract with Chengdu Tianfu International Airport amounted to approximately RMB518.5 million is the largest contract, in terms of value, the Group has ever obtained. The Group also won two tenders in Germany and Serbia amounted to approximately RMB200 million during the year, of which, the one for providing PBB to the Frankfurt airport at approximately RMB152 million is the largest bid offered, in terms of amount, for PBB in Germany in a decade.

Included in the profit for 2018, there was a one-off gain of approximately RMB11 million in respect of the APS business, for a previously written off debt recovered after winning the lawsuit. Apart from profit margin, many other non-monetary factors would be considered during bid price determination, such as the effect on the Group's brand building, market breaking or sales networking. Short term profit may sometimes give way to long-run benefits.

The achievements are all built from the reputation the Group has for its highly recognized products and services. To maintain its leading position, the Group has always been keeping pace with the market development. Great effort has been placed on the adoption of artificial intelligence technologies in recent years. The newly developed and the world's first Smart Bridge System, which connect passengers boarding bridges to aircraft doors automatically with no manual intervention, has made its debut in the Amsterdam Airport Schipho in 2019. The Smart Bridge System, together with the Visual Docking Guidance System (VDGS) and the SCADA System, which aim at enhancing the operating efficiency of airports, are expected to push forward series of equipment upgrade in the global airports and bring along the Group opportunities for further expansion in the market for PBB and its supporting equipment.

Leverage on the Group's strong connections in the aviation industries, sale of the GSE equipment, mainly airport apron buses, aircraft catering vehicles, cargo loaders and other specialized vehicles and PBB-mounted equipment like pre-conditioned air units (PCA), has been going upward in recent years. Growth in PCA is particularly remarkable with the production technologies mastered getting matured. Over a thousand PCAs have been sold to over 60 airports in the world. PCAs is an attractive alternative to auxiliary power unit (APU) in supplying comfortably conditioned air to travelers in cabin of aircrafts connected with PBB. They reduce the aviation fuel consumption and the greenhouse gas emissions and other pollutions caused by the aircrafts at boarding gates. The PCAs, the electric apron buses and other electric airport special vehicles of the Group under development are all important elements of a "Green" airport. Following the issuance of the "Three-Year Action Plan to Win the Blue Sky Defense War" by the State Council of the PRC in 2018, the Civil Aviation Administration of China has prohibit the use of APU at boarding gates from 1 January 2019 and the equipment of APU-substitute facilities in all PBBs in use by end of 2020. The Group is ready to grasp a bigger slice of the enlarged market from the policies announced.

For the APS business, although the Group has successfully developed the mechanical intelligent stereo bus parking system (機械式智慧公交車立體停車庫) and the technology of multifunctional station of electric bus parking system (新能源大巴立體停車綜合場站技術) and has obtained the first contract during the year, its performance has not been satisfactory. The Group is considering future development path of the APS business, including the introduction of new investors to take the lead of its development or simply the sale of all the equity interests, such that resources can be streamlined to other core businesses.

Fire engines and fire prevention and fighting equipment
Revenue: RMB3,455.1 million (2018: RMB2,129.2 million); segment profit before income tax: RMB173.4 million (2018: RMB48.2 million)

As explained in more detail in the "Basis of preparation" in Note 1 to the consolidated financial statements, merger accounting was adopted in consolidating the financial statements of Ziegler into that of the Group, the comparative figures of the segment revenue and profit for 2018 were thus, restated to include that of Ziegler's as if it had been a subsidiary of the Group since 1 January 2018.

Since the acquisition of the Shenyang Jietong, Shanghai Jindun and Ziegler completed, the Group's fire engines business have extended to a great extent in terms of geographical market coverage, product portfolio and production capacity.

The surge in revenue and profit before income tax of the segment for the year was primarily attributable to (i) the contributions from Shanghai Jindun, Shenyang Jietong since completion of the acquisitions; (ii) the full year contributions from Sichuan Chuanxiao for 2019 in contrast with the eight months from May to December only for 2018 due to the adoption of reversion acquisition accounting after the completion of the Pteris Acquisition (details has been set out in note 2.1 "*Basis of preparation*" to the consolidated financial statements of the Company in annual report 2018); and (iii) growth in revenue and profit of Sichuan Chuanxiao due to increased orders from the fire brigades.

Shanghai Jindun and Shenyang Jietong contributed, in total, revenue of approximately RMB857.2 million and segment profit before tax of RMB86.8 million for the year, after adjustment for the additional depreciation and amortization of fair value adjustments of net identifiable assets at date of acquisitions. In addition to acquiring fire engines manufacturing companies with high potential, in response to the national plans for the development of micro fire stations in China, the Group is expanding its fire safety business by tapping into the emerging mobile fire stations and emergency rescue stations market. In July 2019, the Group established a new subsidiary primarily engaged in, amongst others, the design, technology development, sale and installation of mobile fire stations and emergency rescue stations. Mobile fire and emergency rescue stations, established by assembling container-converted modules of different functions, are characterized with short construction time, space saving, great flexibility and eco-friendly. It is a high-potential market given the urgent demand for a large number of fire stations in China to fill up the deficiencies in exist.

The strategic expansion blueprint of the Group in respect of its fire engines and equipment business is taking shape following the completion of the Ziegler Acquisition. The Group's sales and operation network has covered the entire market in China and a substantial part of Europe and products spanned over a wide range of categories from conventional fire-fighting vehicles to aerial lifting trucks, airport trucks and other special vehicles. The current challenge is on integration of the acquired entities and on which the Group will put great effort in the coming years. The Group will explore opportunities for further expansion into markets that currently has few footholds, in particular, the US and south-east Asia. Apart from general product upgrade, emphasis will also be put on research on the application high-end technologies like artificial intelligence and Internet of Things.

Logistics (baggage, material and warehouse handling systems or MHS)
Revenue: RMB929.1 million (2018: RMB881.1 million); segment profit: RMB17.9 million (2018: RMB19.4 million)

There was slight increase in the segment's revenue from the sale of smart warehousing systems and the airport baggage systems. Segment profit decreased, on the other hand, because of an impairment loss on goodwill amounted to RMB5.3 million.

The performance of the logistics segment has not been up to standard. The unsatisfactory performance was primarily due to mismanagement especially the progress and costs control of the projects in US have still been far lagged behind despite the reformation of the US team last year. The Group has undergone a series of internal restructuring to streamline the organization structures of the segment with clear responsibilities assignment, and further efforts on improving the project management in respect of the US projects. Resources are now focused on soliciting quality customers in industries with good prospects and where the Group has experience and connections such as E-commerce suppliers, furniture manufacturers and airports. The historical issues from the old days have been resolved. With the US part no longer a burden, a new page for the segment in 2020 is in anticipation.

Financial resources and liquidity

The Group had a negative net cash balance at 31 December 2019 of approximately RMB1,125 million (2018: RMB669.6 million) which was broken down as follows:

	2019	2018
	RMB'000	RMB'000
		(Restated)
Cash and cash equivalent	**768,386**	557,469
Pledged bank deposits	**34,342**	17,057
	802,728	574,526
Borrowings:		
- from bank – long term	**(341,819)**	(155,416)
- from bank – short term	**(1,387,909)**	(818,755)
- from an associate – short term	**(198,000)**	(270,000)
	(1,927,728)	(1,244,171)
Net cash and cash equivalents	**(1,125,000)**	(669,645)

The pledged bank deposits at 31 December 2019 and 2018 were mainly pledged for bid bond guarantee, performance guarantee and guarantee for letter of credit issued. The borrowings from an associate were loans borrowed from CIMC Finance Company Limited ("**CIMC Finance**"), a subsidiary of CIMC and also an associate of the Company. It is a banking financial institution registered in the PRC for providing financial services to CIMC group companies, for working capital purpose.

The Group's borrowings increased between end of 2018 and 2019 were mainly for (i) payment of consideration for acquiring Shanghai Jindun and Shenyang Jietong; and (ii) working capital requirements. The long-term bank borrowings outstanding at 31 December 2019 were secured by the Group's equity interests in Shanghai Jindun and Shenyang Jietong. The loan borrowed are to be repaid in seven years by 14 half-yearly instalments. Certain short-term bank borrowings outstanding at 31 December 2019 were guaranteed by CIMC and the others are unsecured. They are repayable in 2020 and their repayment is expected to be financed by internal resources and new loans. Taking into consideration of the financial costs and maintaining financial stability, the Group is negotiating with banks to increase the proportion of long-term borrowings to 40% to 50% of the total borrowings amount in order to have an optimal structure of long-term and short-term loans.

Of the borrowings outstanding at 31 December 2019, RMB971.6 million (50.4%) were loans denominated in RMB; RMB801.8 million (41.6%) in EUR; RMB134.2 million (7.0%) in HKD; RMB16.5 million (0.8%) in SGD and the remaining RMB3.6 million (0.2%) in Croatia Kuna. The currencies of majority of the bank loans matched with the functional currencies of the borrowers. Out of the RMB1,927.7 million outstanding borrowings at 31 December 2019, RMB1,360.9 million were arranged at variable interest rates and the remaining RMB566.8 million were arranged at fixed interest rates.

There was an improvement in the Group's cash flow from operating activities for the year because the Group has tightened the management of accounts receivables and advance payments from customers. Receivables collection has been linked up with performance evaluation and thus bonus and pay-rise of the relevant management staff and sales representatives in an attempt to ameliorate the Group's cash position.

As at 31 December 2019, current assets and current liabilities of the Group were approximately RMB6,790.6 million (31 December 2018: RMB4,669.0 million) and RMB5,442.5 million (31 December 2018: RMB3,606.7 million) respectively. The current ratio was approximately 1.25 times (31 December 2018: 1.29 times). The decrease in current ratio was mainly due to the increase in short term loans borrowed to finance the Group's working capital. The net increase in borrowings and the recognition of lease liabilities upon adoption of HKFRS 16 *"Leases"* have driven up the Group's gearing ratio, which was calculated as interest bearing debt / total equity, from 46.4% at 31 December 2018 to 62.7% at 31 December 2019. The interest bearing debt was the sum of the outstanding balances of borrowings, lease liabilities, convertible bonds and certain interest-bearing advance from a related company at end of the respective financial years. The management will be more skeptical in considering future acquisitions that may have significant impact on the Group's cash flow. All factors will be weighed in determining the modes of financing for future business development and a reasonable degree of financial leverage will be maintained.

Some of the Group's revenue and costs and expenses are settled in currencies other than the functional currencies of the Group's subsidiaries. To mitigate exposure to exchange rates volatility, the Group enters into forward foreign currency contracts when considered appropriate.

Use of proceeds from Subscription

Pursuant to a subscription agreement dated 6 February 2018, the Company issued 673,225,000 shares of the Company to State-Owned Enterprise Structural Adjustment China Merchants Buyout Fund (Limited Partnership)* (深圳國調招商併購股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC, at HKD0.366 (the "**Subscription**"). The Subscription was completed on 4 May 2018. The net proceeds from the Subscription were approximately HK$243.7 million (equivalent to approximately RMB196.4 million) (the "**Net Proceeds**"). Details of the Subscription have been set out in the circular of the Company dated 15 March 2018 (the "**Subscription Circular**").

As at 31 December 2019, the status of the use of the Net Proceeds was as follows:

	Intended use of Net Proceeds	Utilisation of Net Proceeds		Remaining balance of Net Proceeds at
		Up to 31 December 2018	From 1 January to 31 December 2019	31 December 2019
		Approximately RMB (million)		
Construction of a new PBB factory in the United States of America ("**USA**")	58.8	-	-	58.8
Expansion of the PBB business of Pteris Global Limited and its subsidiaries (the "**Pteris Group**") into overseas market	58.8	15.6	41.1	2.1
Research and development activities	58.8	58.8	-	-
General working capital	20.0	20.0	-	-
Total	196.4	94.4	41.1	60.9

As at 31 December 2019, the Group has applied the Net Proceeds from the Subscription in accordance with the proposed applications as set out in the Subscription Circular. The remaining balance of unutilised Net Proceeds as at 31 December 2019 allocated for the expansion of the PBB business of the Pteris Group of approximately RMB2.1 million is expected to be utilised by the first quarter of 2020.

The amount of Net Proceeds of approximately RMB58.8 million allocated for construction of a new PBB factory in the United States of America was originally expected to be utilised by the second quarter of 2020. However, given the unstable economy and uncertainties in the recent business and operating environment, particularly in view of the current China-US relations, the use of the Net Proceeds allocated may be further delayed. The Board will closely monitor the business environment and review the Group's business and operations from time to time. The Group will make further announcement in relation to any updates or material change in the use of the unutilised Net Proceeds in compliance with the Listing Rules as and when appropriate.

Impact of the novel coronavirus epidemic

The novel coronavirus epidemic sparks deep economic uncertainty and the Group will unavoidably be affected, as follows:

- Although most of the Group's factories in China have resumed production, some of their production and delivery schedules are disrupted by the supply chain problems as certain suppliers are still under production suspension, and also due to the international shipping restrictions;
- Service delivery are also delayed by the travel bans and compulsory quarantine measures adopted worldwide;
- Tension on order books are expected as tendering are suspended due to the epidemic; and
- Cash flow pressure in the short-run is also anticipated because a substantial number of the Group's

customers, who rely on public funding, may postpone payment, with the delay in government financial allocations.

The Group will place close attention to the development of the novel coronavirus epidemic and changes in the economic environment. Their impact on the Group's operations and financial positions will be closely monitored and evaluated.

Investments, capital commitments, contingent liabilities and pledge of assets

Investments

The Group has the following investments during the year ended 31 December 2019:

1. In January 2019, the Group completed the acquisition of 5% equity interests in Shenzhen CIMC Tongchuang Supply Chain Co., Ltd.* (深圳中集同創供應鏈有限公司) ("**Tongchuang**") from a subsidiary of CIMC, at nil consideration but to assume the vendor's obligation to contribute to the paid-up capital of Tongchuang of RMB10,000,000. Tongchuang is principally engaged in (i) sale and trading of steel and aluminum products; and (ii) provision of supply chain management services. Taking advantage of the bulk purchase privileges of CIMC and the solid relationship that CIMC has built up with suppliers, Tongchuang has established strategic collaborations with domestic steel plants in the PRC. The investment is expected to secure a consistent and reliable supply of steel products and services from Tongchuang for the Group's production activities through foster a closer relationship with Tongchuang. Details of the investment in Tongchuang has been set out in the announcement and circular of the Company dated 28 August 2018 and 16 October 2018 respectively.

2. In April 2019, the Group completed the acquisition of the entire equity interests in Shanghai Jindun, at a consideration of RMB381,800,000, 60% of which in cash and the remaining 40% by 551,564,448 new shares of the Company at an issue price of HK$0.3133 each. The vendor of Shanghai Jindun has given guarantees in respect of the financial performance of Shanghai Jindun for the financial years 2018 and 2019, and the Group is entitled to financial compensation in accordance with the terms of the equity transfer agreement if the guaranteed profits or revenue is not achieved. Shanghai Jindun is principally engaged in the manufacturing of fire engines and equipment. Apart from the financial contributions, the acquisition is expected to strengthen the Group's portfolio of fire engines and enlarge its production capacity and geographical market coverage, especially in the south-eastern costal area of the PRC and the Yangtze River Delta region. Details of the acquisition have been set out in the announcement and circular of the Company dated 19 October 2018 and 25 March 2019 respectively (the "**Shanghai Jindun Announcement and Circular**").

   The Company has issued 551,564,448 consideration shares to the vendor of Shanghai Jindun during the year and half of them were charged in favour of a subsidiary of the Company as a security of the 2019 Guaranteed Net Profit (as defined in the Shanghai Jindun Announcement and Circular). As per the audited consolidated financial statements of Shanghai Jindun for the year ended 31 December 2018 and audited consolidated financial results of Shanghai Jindun for the year ended 31 December 2019, the 2018 and 2019 Guaranteed Revenue, the 2018 Guaranteed Net Profit and the 2019 Guaranteed Net Profit (as defined in the Shanghai Jindun Announcement and Circular) have been achieved and therefore no financial compensation from the vendor of Shanghai Jindun is required. The consideration shares charged in favour of the subsidiary of the Company will also be released.

As disclosed in the Shanghai Jindun Announcement and Circular, Shanghai Jindun possesses the Scientific Research and Production of Arms and Equipment Permit (武器裝備科研生產許可) and the Equipment Production Entity Permit (裝備承製單位許可證) (collectively the "**Licenses**") and is therefore regarded as a military enterprise (涉軍企業) in the PRC. Pursuant to the Temporary Provisions on the Reorganization and Listing of Military Related Enterprises and the Examination of Capital Operation in Military Projects After Listing (《涉軍企事業單位改制重組上市及上市後資本運作軍工事項審查工作管理暫行辦法》(科工計[2016] 209 號)), Shanghai Jindun, as a military enterprise, is required to make a filing (the "**Filing**") about the change in its shareholdings as a result of the acquisition by the Group to the State Administration of Science, Technology and Industry for National Defence (國防科工局) (the "**Authority**"). Shanghai Jindun has made the Filing. The Authority, however, has suspended the Licenses. The Group is still negotiating with the Authority and working on recovering the Licenses. Since revenue of Shanghai Jindun from military-related customers for each of 2018 and 2019 was less than 1% of its total revenue, the Board considered that the suspension of Licenses would not have material impact on the financial performance of Shanghai Jindun.

3. In June 2019, the Group completed the acquisition of 60% equity interests in Shenyang Jietong, at cash consideration of RMB600,000,000. The vendors of Shenyang Jietong has given guarantees in respect of the financial performance of Shenyang Jietong for the financial years 2018 and 2019, and the Group is entitled to financial compensation in accordance with the terms of the equity transfer agreement if the guaranteed profits or revenue is not achieved. Shenyang Jietong is company principally engaged in the manufacturing of fire engines and is a leading manufacturer of aerial lifting fire trucks in the PRC. Apart from the financial contributions, the acquisition is expected to strengthen the Group's portfolio of fire engines and enlarge its geographical market coverage and production capacity. In addition, it would allow the Group to have access to Shenyang Jietong's research and know-how, which the Group could leverage on to further accelerate the pace of its business development. Details of the acquisition have been set out in the announcement and circular of the Company dated 31 July 2018 and 24 May 2019 respectively (the "**Shenyang Jietong Announcement and Circular**").

   As per the audited consolidated financial statements of Shenyang Jietong for the year ended 31 December 2018 and audited consolidated financial results of Shenyang Jietong for the year ended 31 December 2019, the 2018 Profit Guarantee, the 2019 Profit Guarantee and the Aggregate Performance Guarantee (as defined in the Shenyang Jietong Announcement and Circular) have been achieved and therefore no financial compensation from the vendors of Shenyang Jietong is required.

4. In July 2019, the Group entered into an investment agreement with the other four parties (three of which are subsidiaries of CIMC) to establish CIMC Anfang Technology Co., Ltd* (中集安防科技有限公司) ("**CIMC Anfang**") in the PRC. The business scope of CIMC Anfang includes, among other things, (i) the design, technology development, sale and installation of mobile fire stations and emergency rescue stations; and (ii) the sale and installation of fire engines and fire prevention and fighting equipment. The

registered capital of CIMC Anfang is RMB100,000,000, of which 40% will be contributed by the Group. The Group gained control of the board of directors of CIMC Anfang and 60% of the voting rights of CIMC Anfang, through an acting-in-concert agreement entered into with another two shareholders of the CIMC Anfang. As such, CIMC Anfang has been accounted for as a subsidiary of the Company and its financial statements has been consolidated into the Group's consolidated financial statements. As at the date of this announcement, the Group has contributed RMB8,000,000 to the capital of CIMC Anfang. Details of the investment agreement have been set out in the announcement of the Company dated 16 July 2019.

5. In December 2019, the Company completed the Ziegler Acquisition, The consideration of EUR31,470,000 (equivalent to approximately RMB245,346,000) is to be payable by way of cash (or other kind of consideration as may be agreed by the Group and CIMC Top Gear B.V.) within one year from the date of completing the Ziegler Acquisition. Ziegler was owned as to 40% by the Company and 60% by CIMC Top Gear B.V., a subsidiary of CIMC, prior to the Ziegler Acquisition. Upon completion of the Ziegler Acquisition, Ziegler became a wholly owned subsidiary of the Company. Ziegler is a globally renowned fire engines manufacturer known for its high-quality craftsmanship as well as its technological leadership in customized fire engines and firefighting equipment. It also has a significant share in the European market. By completing the Ziegler Acquisition, the Group consolidates it equity interests in Ziegler as well as its revenue and profit. It may also streamline the development strategies of its fire safety business in the global market. Details of the Ziegler Acquisition have been set out in the announcement and circular of the Company dated 26 September 2019 and 19 November 2019, respectively.

Disposal

In June 2019, the Group disposed of the 10% equity interest it held in Shenzhen CIMC Huijie Supply Chain Co., Ltd. (深圳中集匯杰供應鏈有限公司) ("**Huijie**") (the "**Disposal**"). The Group acquired the 10% equity interests of Huijie in January 2019 at nil consideration but assuming the obligation of the vendor to contribute to the paid-up capital of Huijie of RMB10,000,000. The Group has not contributed the paid-up capital yet and the purchaser of the Disposal will assume the Group's obligation. The Group incurred no gain or loss on the Disposal. Huijie is principally engaged in the trading of ancillary materials for production such as chemical materials, paint, engine oil etc., provision of hazardous waste treatment services, and machinery repairing and maintenance services. The Disposal allows the Group to better allocate its resources for the development of its core business. Details of the Disposal have been set out in the announcement of the Company dated 21 June 2019.

Pledge of assets

The Group's non-current borrowings with an outstanding balances of approximately RMB341.8 million at 31 December 2019 were secured by the Group's equity interests held in Shanghai Jindun and Shenyang Jietong.

Capital commitment

As at 31 December 2019, the Group had capital commitment in respect of:

(i) Construction of properties amounted to approximately RMB48 million (2018: RMB63.4 million); and

(ii) Investment amount committed to the local government of the county in Sichuan where one of the Group's factory is located amounted to approximately RMB2.0 million (2018: RMB5.2 million).

Save as disclosed herein, the Group has no other material capital commitment, contingent liabilities and pledged of assets as at 31 December 2019 and has no other material investments, acquisitions or disposals during the year ended 31 December 2019.

Employees and remuneration policies

For the year ended 31 December 2019, the Group had 5,257 staff (2018: 3,938) and incurred staff costs (excluding directors' remuneration) of approximately RMB1,032.8 million (2018: RMB837.1 million). Number of staff and staff costs increased primarily due to the acquisition of Shanghai Jindun and Shenyang Jietong during the year. The average staff costs of Shanghai Jindun and Shenyang Jietong were lower than that of the other group companies and therefore have pulled down the average staff costs of the Group for 2019 as compared to 2018. Since the principles of merger accounting was adopted to account for the Ziegler Acquisition, staff number and staff costs of Ziegler have been added to the Group's number for both 2019 and 2018. Staff are remunerated by a monthly salaries payment plus performance incentives payable quarterly or yearly. All full-time employees are entitled to medical, provident funds and housing funds contributions. The Group adopted share option schemes which offer eligible employees an incentive for better performance and loyalty with the Group.

The Group arranges in-house trainings periodically to staff at all levels according to their needs, like orientations on corporate culture, policies, products knowledge and basic job skills for new staff; leadership, management and strategic planning skills for managerial staff; and seminars and workshops on selected topics like project management, costs management, business planning and work safety. Employees may apply for subsidies to participate in job relevant trainings offered by recognized institutions.

DIVIDENDS

The Board recommended the payment of a final dividend of HK0.42 cent per Share (2018: Nil). The proposed final dividends is expected to be paid out of the share premium account of the Company and is subject to the approval of the Shareholders of the Company at the general meeting of the Company to be convened and in accordance with the Companies Law of the Cayman Islands, Cap 22 (Law 3 of 1961, as consolidated and revised) and the articles of association of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN THE COMPANY'S SECURITIES

Save as disclosed below, as of 31 December 2019, none of the directors or chief executive has any interest or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or were required, pursuant to section 352 of the SFO to be entered in the register required to be kept therein or which were required, pursuant to the Model Code for Securities Transactions by directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange.

<u>Long positions in ordinary shares of the Company</u>

Name of Director	Capacity and types of interest	Number of issued shares of HKD0.01 each of the Company held	Percentage of issued share capital of the Company at 31 December 2019
Mr. Jiang Xiong	Beneficial owner	981,600,000	6.16%

Mr. Zheng Zu Hua, an executive director of the Company, owns 7.2% of the equity interests of Shenzhen TGM Ltd.* (深圳特哥盟科技有限公司) ("**TGM**") which indirectly holds 2,616,751,693 Shares, representing 16.41% of the issued share capital of the Company at 31 December 2019.

<u>Options to subscribe for ordinary shares in the Company</u>
Certain directors of the Company were granted share options which when exercised were eligible to subscribe for, in total, 14,000,000 shares of the Company. Details of the share options granted has been set out in the section "SHARE OPTIONS" to this announcement.

SUBSTANITAL SHAREHOLDERS' INTERESTS AND / OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

As at 31 December 2019, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain directors of the Company, the following shareholders had notified the Company of their relevant interests in the issued share capital of the Company.

Long positions in the ordinary shares and shares interested under equity derivatives of the Company

Shareholders	**Capacity/ type of interest**	**Number of shares interested**	**Percentage of issued Shares at 31 December 2019**	**Number of Shares interested under equity derivatives**	**Total number of Shares/ underlying Shares under equity derivatives**	**Percentage of issued Shares at 31 December 2019**
		(Note 10)	*(Note 10)*	*(Note 11)*	*(Note 11)*	*(Note 12)*
Sharp Vision Holdings Limited ("**Sharp Vision**")	Beneficial owner	6,755,369,842	42.38%	2,863,592,755	9,618,962,597	49.03%
CIMC Top Gear B.V.	Beneficial owner	1,223,571,430	7.68%	–	1,223,571,430	6.24%
Cooperatie CIMC U.A.	Interest of a controlled corporation *(Note 1)*	1,223,571,430	7.68%	–	1,223,571,430	6.24%
China International Marine Containers (Hong Kong) Limited ("**CIMC HK**")	Interest of a controlled corporation *(Note 2 & 3)*	7,978,941,272	50.06%	2,863,592,755	10,842,534,027	55.27%
CIMC	Interest of a controlled corporation *(Note 4)*	7,978,941,272	50.06%	2,863,592,755	10,842,534,027	55.27%
Fengqiang Holdings Limited ("**Fengqiang**")	Beneficial owner	2,616,751,693	16.41%	-	2,616,751,693	13.34%
Fengqiang Hong Kong Co., Limited ("**Fengqiang HK**")	Interest of a controlled corporation *(Note 5)*	2,616,751,693	16.41%	-	2,616,751,693	13.34%
TGM	Interest of a controlled corporation *(Note 5)*	2,616,751,693	16.41%	-	2,616,751,693	13.34%
Genius Earn Limited	Beneficial owner	20,000,000	0.13%	–	20,000,000	0.10%
Lucky Rich Holdings Limited ("**Lucky Rich**")	Beneficial owner	1,263,079,470	7.92%	277,719,300	1,540,798,770	7.86%
Shanghai Yunrong Investment Centre* (上海蘊融投資中心(有限合伙))	Interest of a controlled corporation *(Note 6)*	1,263,079,470	7.92%	277,719,300	1,540,798,770	7.86%
Shenzhen Jiuming Investment Consulting Co., Ltd.* (深圳市久名投資諮詢有限公司)	Interest of a controlled corporation *(Note 6)*	1,263,079,470	7.92%	277,719,300	1,540,798,770	7.86%
Liu Xiaolin	Interest of a controlled corporation *(Note 7)*	1,283,079,470	8.05%	277,719,300	1,560,798,770	7.96%
Yang Yuan	Interest of Spouse *(Note 8)*	1,283,079,470	8.05%	277,719,300	1,560,798,770	7.96%
Dazi Dingcheng Capital Investment Co., Ltd.* (達孜縣鼎誠資本投資有限公司	Interest of a controlled corporation *(Note 9)*	1,263,079,470	7.92%	277,719,300	1,540,798,770	7.86%

Shareholders	Capacity/ type of interest	Number of shares interested	Percentage of issued Shares at 31 December 2019	Number of Shares interested under equity derivatives	Total number of Shares/ underlying Shares under equity derivatives	Percentage of issued Shares at 31 December 2019
		(Note 10)	*(Note 10)*	*(Note 11)*	*(Note 11)*	*(Note 12)*
Beijing Zhongrong Dingxin Investment Management Co., Ltd.* (北京中融鼎新投資管理有限公司)	Interest of a controlled corporation *(Note 9)*	1,263,079,470	7.92%	277,719,300	1,540,798,770	7.86%
Zhongrong International Trust Co., Ltd.* (中融國際信託有限公司)	Interest of a controlled corporation *(Note 9)*	1,263,079,470	7.92%	277,719,300	1,540,798,770	7.86%
Jingwei Textile Machinery Co., Ltd	Interest of a controlled corporation *(Note 9)*	1,263,079,470	7.92%	277,719,300	1,540,798,770	7.86%

Notes:

1. Cooperatie CIMC U.A. is beneficially interested in the entire share capital of CIMC Top Gear B.V. and is taken to be interested in the 1,223,571,430 Shares in which CIMC Top Gear B.V. has declared interest for the purpose of the SFO.

2. CIMC HK and CIMC are beneficially interested in 1% and 99% respectively of the issued share capital of Cooperatie CIMC U.A. and are taken to be interested in the 1,223,571,430 Shares in which Cooperatie CIMC U.A. has declared interest for the purpose of the SFO.

3. CIMC HK is beneficially interested in the entire share capital of Sharp Vision and is taken to be interested in the 6,755,369,842 Shares and 2,863,592,755 Shares interested under equity derivatives in which Sharp Vision has declared interest for the purpose of the SFO.

4. CIMC is beneficially interested in the entire share capital of CIMC HK and is taken to be interested in the 7,978,941,272 Shares and 2,863,592,755 Shares interested under equity derivatives in which CIMC HK has declared interest for the purpose of the SFO.

5. Fengqiang HK is beneficially interested in the entire share capital of Fengqiang and is deemed or taken to be interested in the 2,616,751,693 Shares in which Fengqiang has declared an interest for the purpose of the SFO. TGM is benefically interested in the entire share capital of Fengqiang HK and is deemed or taken to be interested in the 2,616,751,693 Shares in which Fengqiang HK has declared an interest for the purpose of the SFO.

6. Shanghai Yunrong is beneficially interested in the entire share capital of Lucky Rich and is deemed or taken to be interested in the 1,263,079,470 Shares and 277,719,300 Shares interested under equity derivatives in which Lucky Rich has declared an interest for the purpose of SFO. Shenzhen Jiuming Investment Consulting Co., Ltd. is beneficially interested in 0.2% of Shanghai Yunrong.

7. Mr. Liu Xiaolin is beneficially interested in the entire share capital of Genius Earn Ltd. and is deemed or taken to be interested in the 20,000,000 Shares in which Genius Earn Ltd. has declared an interest for the purpose of SFO. Mr. Liu Xiaolin is beneficially interested in the entire share capital of Shenzhen Jiuming Investment Consulting

Co., Ltd..

8. Ms. Yang Yuan is the spouse of Mr. Liu Xiaolin. Ms. Yang Yuan is taken to be interested in the shares in which Mr. Liu Xiaolin has declared interest for the purpose of the SFO.

9. Dazi Dingcheng Capital Investment Co., Ltd. is beneficially interested in 0.2% of the issued share capital of Shanghai Yunrong. Beijing Zhongrong Dingxin Investment Management Co., Ltd is beneficially interested in the entire issued share capital of Dazi Dingcheng Capital Investment Co., Ltd. and is beneficially interested in 88.5% of the issued share capital of Shanghai Yunrong. Zhongrong International Trust Co., Ltd. is beneficially interested in the entire issued share capital of Beijing Zhongrong Dingxin Investment Management Co., Ltd. Jingwei Textile Machinery Co., Ltd. is beneficially interested in 37.47% of the issued share capital of Zhongrong International Trust Co., Ltd..

10. The number of shares and percentage stated represents the number of Shares held as stated in the relevant disclosure of interest forms and as percentage of the issued share capital of the Company at 31 December 2019.

11. Number of Shares represents the number of Shares held assuming all of the outstanding convertible bonds held have been fully converted.

12. Percentage calculated based on the total number of Shares of the Company in issue, assuming (i) all of the convertible bonds of the Company had been fully converted; and (ii) all of the share options of the Company had been exercised.

Other than as disclosed above, the Company has not been notified of any other interests or short position in the issued share capital of the Company as at 31 December 2019.

COMPETING INTERESTS

During the year ended 31 December 2019, none of the directors of the Company or the management shareholder of the Company and their respective associates (as defined in the Listing Rules) had any interest in a business which competes or may compete with the business of the Group or had any other conflicts of interest, which any such person has or may have with the Group.

DIRECTORS’ INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2019.

DIRECTORS' SECURITIES TRANSACTIONS

During the year ended 31 December 2019, the Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code in Appendix 10 of the Listing Rules. Having made enquiry of all directors, they confirmed that they have complied with the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, cancelled or redeemed any listed securities of the Company.

COPORATE GOVERNANCE

Corporate governance practices

Throughout the year ended 31 December 2019, the Company has complied with the code provisions set out in the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules, except for the following:

1. There were no fixed terms of appointment for the directors although they are subject to retirement by rotation according to the Company's articles of association. The Board is of the opinion that this serves the same objectives of the relevant provision.
2. According to the articles of association, no director holding office as chairman and/or managing director shall be subject to retirement by rotation.

The Corporate Governance Report will be included in the 2019 annual report which will be dispatched to the shareholders and posted on the website of the Stock Exchange in accordance with the Listing Rules.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

The directors of the Company are responsible for the preparation of the financial statements, which give a true and fair view of the condition of the Group. The Group's results for the year have been reviewed by the Audit Committee. PricewaterhouseCoopers, the Group's auditor, is responsible to form an independent opinion, based on the audit, on the financial statements prepared by the directors and reports the opinion solely to the shareholders of the Company. PricewaterhouseCoopers gives an unqualified opinion on the consolidated financial statements of the Group as at 31 December 2019 and for the year then ended.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

By order of the Board
CIMC-TianDa Holdings Company Limited
Li Yin Hui
Chairman

* *The English translations of the Chinese names of such PRC entities are provided for identification purpose only.*

As at the date of this announcement, the Company's Directors are as follows:

Dr. Li Yin Hui	*Chairman and Non-executive Director*
Mr. Jiang Xiong	*Honorary Chairman and Executive Director*
Mr. Zheng Zu Hua	*Executive Director*
Mr. Yu Yu Qun	*Non-executive Director*
Mr. Tao Kuan	*Non-executive Director*
Mr. Zeng Han	*Non-executive Director*
Dr. Loke Yu	*Independent non-executive Director*
Mr. Heng Ja Wei	*Independent non-executive Director*
Mr. Ho Man	*Independent non-executive Director*

Hong Kong, 25 March 2020