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CHINA ELECTRONICS HUADA TECHNOLOGY COMPANY LIMITED
中國電子華大科技有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 00085)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2022

The board of directors (the “Board”) of China Electronics Huada Technology Company Limited (the “Company”) announces the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Year ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Revenue	2,483,114	1,681,654
Cost of sales	(1,370,869)	(1,111,122)
Gross profit	1,112,245	570,532
Other income	45,416	33,529
Selling and marketing costs	(76,241)	(83,002)
Administrative expenses	(457,704)	(388,115)
Net reversal of impairment losses on trade and other receivables	8,229	6,388
Operating profit	631,945	139,332
Finance income	14,060	2,428
Finance costs	(39,470)	(29,256)
Finance costs – net	(25,410)	(26,828)
Share of result of an associate	1,307	108
Profit before taxation	607,842	112,612
Taxation	(74,955)	14,707
Profit for the year	532,887	127,319

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(Cont'd)*

	Year ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year attributable to:		
Owners of the Company	531,431	125,444
Non-controlling interests	1,456	1,875
	<u>532,887</u>	<u>127,319</u>
Dividend	<u>162,390</u>	<u>38,568</u>
	<i>HK cents</i>	<i>HK cents</i>
Basic earnings per share	<u>26.18</u>	<u>6.18</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year	532,887	127,319
Other comprehensive income for the year, net of taxation:		
Items that may be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements	(57,914)	46,708
Items that will not be subsequently reclassified to profit or loss:		
Exchange differences on translation of financial statements of the Company	(57,719)	(12,400)
Total comprehensive income for the year	417,254	161,627
Total comprehensive income for the year attributable to:		
Owners of the Company	416,303	159,331
Non-controlling interests	951	2,296
	417,254	161,627

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 December 2022 <i>HK\$'000</i>	31 December 2021 <i>HK\$'000</i>
ASSETS		
Non-current assets		
Property, plant and equipment	44,026	51,004
Right-of-use assets	33,124	56,331
Investment properties	49,199	53,491
Intangible assets	23,410	55,947
Investment in associates	16,514	16,669
Trade and other receivables	200,985	2,839
Deferred tax assets	44,948	73,561
Time deposits	89,559	244,618
	501,765	554,460
Current assets		
Inventories	884,693	531,651
Trade and other receivables	731,544	747,651
Financial assets at fair value through profit or loss	–	10,886
Restricted cash	33,859	1,404
Time deposits	732,141	477,006
Cash and cash equivalents	1,172,748	517,932
	3,554,985	2,286,530
Total assets	4,056,750	2,840,990

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*Cont'd*)

	31 December 2022 HK\$'000	31 December 2021 HK\$'000
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital and premium	225,454	225,454
Reserves	(546,468)	(392,772)
Retained earnings	<u>1,946,639</u>	<u>1,415,208</u>
	1,625,625	1,247,890
Non-controlling interests	<u>27,058</u>	<u>26,107</u>
Total equity	<u>1,652,683</u>	<u>1,273,997</u>
Liabilities		
Non-current liabilities		
Lease liabilities	11,795	27,441
Trade and other payables	319,546	7,577
Deferred tax liabilities	33,789	14,915
Contract liabilities	<u>22,700</u>	<u>–</u>
	387,830	49,933
Current liabilities		
Deferred government grants	51,046	59,211
Contract liabilities	383,516	34,968
Trade and other payables	942,128	718,651
Bank and other borrowings	615,715	672,701
Lease liabilities	23,768	31,429
Income tax payable	<u>64</u>	<u>100</u>
	2,016,237	1,517,060
Total liabilities	<u>2,404,067</u>	<u>1,566,993</u>
Total equity and liabilities	<u>4,056,750</u>	<u>2,840,990</u>

GENERAL INFORMATION

The Company is incorporated in the Cayman Islands and continued in Bermuda with limited liability. The Company has its shares listed on The Stock Exchange of Hong Kong Limited. The address of the Company's registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The ultimate holding company of the Company is China Electronics Corporation Limited, which is established in the People's Republic of China (the "PRC").

The principal activities of the Group are the design and sale of integrated circuit chips.

These consolidated financial statements are presented in Hong Kong dollars, unless otherwise stated.

BASIS OF PREPARATION

(a) Compliance with HKFRSs, HKASs, Interpretations and Listing Rules

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investment properties and certain financial assets at fair value through profit or loss which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRSs, HKASs and Interpretations requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

(b) Significant accounting policies

In the current year, the Group has adopted for the first time of all the new or amended HKFRSs and HKASs, and Interpretations issued by the Hong Kong Institute of Certified Public Accountants that are relevant to the Group's operations and effective for the accounting period beginning on 1 January 2022. The adoption of these new or amended standards and interpretations had no material effect on the results and financial position of the Group and/or disclosures set out in the consolidated financial statements.

REVENUE AND SEGMENT INFORMATION

(a) Revenue

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Sale of integrated circuit products and provision of services	<u>2,483,114</u>	<u>1,681,654</u>

Most of the revenue of the Group is from sale of goods, which is recognised at a point in time when control of the goods is transferred to the customers.

The Group has recognised contract liabilities of HK\$406,216,000 at 31 December 2022 (2021: HK\$34,968,000), of which HK\$383,516,000 (2021: HK\$34,968,000) is expected to be recognised as revenue within one year. The contract liabilities mainly comprise of prepayments received from customers, to whom the control of products have not been transferred. Contract liabilities of HK\$34,968,000 at 31 December 2021 was recognised as revenue during the year ended 31 December 2022 (2021: HK\$11,760,000).

(b) Segment information

Management has determined the operating segments based on the reports reviewed by the Board (the chief operating decision maker) that are used to assess performance and allocate resources. The Board assesses the performance of an operating segment based on a measure of its operating profit excluding unallocated corporate income and expenses.

The Board considers that the Group's operations are operated and managed as a single segment and accordingly, no segment information is presented.

Revenues of HK\$460,597,000, HK\$450,976,000 and HK\$310,377,000 (2021: HK\$353,350,000, HK\$284,348,000 and HK\$252,121,000) derived from 3 (2021: 3) external customers of the Group have exceeded 10% of the revenue of the Group. Save as disclosed herein, no revenue derived from a single external customer has exceeded 10% of the revenue of the Group.

Nearly 100% of the Group's revenue is attributable to the market in the PRC and over 90% of the Group's non-current assets are located in the PRC. No geographical information is therefore presented.

OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Government grants	18,895	8,057
Fair value gains on financial assets at fair value through profit or loss	438	985
Interest income	18,760	20,161
Rental income	2,516	2,604
Others	4,807	1,722
	<u>45,416</u>	<u>33,529</u>

EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Depreciation and amortisation expenses	51,431	41,384
Depreciation of right-of-use assets	23,142	22,439
Employee benefit expenses	299,240	248,882
Changes in inventories of finished goods and work in progress	414,525	9,969
Raw materials used and outsourcing expenses	955,067	1,106,308
Provision/(reversal of provision) for inventories	557	(5,206)
Rental expenses for short-term leases and leases of low-value asset	178	7,366
Auditor's remuneration	2,445	2,530
	<u>2,445</u>	<u>2,530</u>

Research and development costs recognised as expenses and included in administrative expenses for the year ended 31 December 2022 were HK\$348,071,000 (2021: HK\$271,795,000) and mainly comprised of employee costs of HK\$186,914,000 (2021: HK\$150,170,000) and material costs of HK\$76,179,000 (2021: HK\$49,702,000). No research and development costs were capitalised during the year ended 31 December 2022 (2021: nil).

FINANCE COSTS – NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Finance cost		
– Interest expense on borrowings	27,019	26,364
– Interest expense on lease liabilities	2,079	2,892
– Interest expense arised from guarantee deposits received	<u>10,372</u>	<u>–</u>
	<u>39,470</u>	<u>29,256</u>
Finance income		
– Interest income on cash and cash equivalent	(5,348)	(2,428)
– Interest income arised from guarantee deposits paid	<u>(8,712)</u>	<u>–</u>
	<u>(14,060)</u>	<u>(2,428)</u>
Finance costs – net	<u><u>25,410</u></u>	<u><u>26,828</u></u>

TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current taxation		
– PRC corporate income tax	24,701	488
– Withholding tax on distributed profits (<i>Note (c)</i>)	<u>6,033</u>	<u>3,900</u>
	<u>30,734</u>	<u>4,388</u>
Deferred taxation		
– PRC corporate income tax	19,243	(20,810)
– Withholding tax on undistributed profits (<i>Note (c)</i>)	<u>24,978</u>	<u>1,715</u>
	<u>44,221</u>	<u>(19,095)</u>
	<u><u>74,955</u></u>	<u><u>(14,707)</u></u>

- (a) No provision for Hong Kong profits tax had been made as the Group did not generate any assessable profit in Hong Kong for the year ended 31 December 2022 (2021: nil).

- (b) In accordance with the relevant regulations of the corporate income tax laws of the PRC, the applicable statutory tax rate of CEC Huada Electronic Design Co., Ltd (“Huada Electronics”) and Shanghai Huahong Integrated Circuit Co., Ltd (“Huahong”) is 25%. However, Huada Electronics qualified as an “Integrated Circuit Design Enterprise in National Planning Layout” and Huahong qualified as a “High and New Technology Enterprise” for the year ended 31 December 2022 and thus Huada Electronics and Huahong have adopted a preferential tax rate of 10% and 15% respectively for the year ended 31 December 2022 (2021: a preferential tax rate of 15% and 10% respectively). Based on management’s self-assessment and their track record of success in obtaining such types of qualifications, it is highly likely that Huada Electronics and Huahong will qualify as an “Integrated Circuit Design Enterprise in National Planning Layout” and as a “High and New Technology Enterprise” respectively after the year ended 31 December 2022 and thus will enjoy a 10% and 15% preferential tax rate respectively.
- (c) According to the relevant regulations of the corporate income tax laws of the PRC, when a foreign investment enterprise in the PRC distributes dividends out of the profits earned from 1 January 2008 onwards to its overseas investors, such dividends are subject to withholding tax at a rate of 10%.
- (d) Reconciliation between the taxation on the Group’s profit before taxation and the theoretical taxation that would arise using the respective applicable statutory tax rates is as follows:

	2022	2021
	HK\$’000	HK\$’000
Profit before taxation	607,842	112,612
Calculated at respective applicable statutory tax rates	156,396	32,998
Effect of tax concession	(96,698)	(18,695)
Research and development costs additional deductions	(30,823)	(24,482)
Income not subject to tax	(535)	(411)
Expenses not deductible for taxation purposes	788	985
Effect of change in tax rate on deferred taxation	17,572	(18,867)
Withholding tax on distributed profits and current year’s undistributed profits	31,011	5,615
Tax losses for which no deferred tax asset was recognised	3,375	8,570
Over provision of taxation in prior years	(6,131)	(420)
Taxation	74,955	(14,707)

DIVIDEND

	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Proposed dividend	<u>162,390</u>	<u>38,568</u>

The Board recommends the payment of a dividend of HK8.0 cents per share for the year ended 31 December 2022 (2021: HK1.9 cents per share). Subject to the approval of the shareholders of the Company at the forthcoming annual general meeting of the Company, the dividend will be distributed on or before 31 July 2023. The proposed dividend of HK\$162,390,000 (2021: HK\$38,568,000), calculated based on the Company's number of shares issued at the date of this announcement, is not recognised as a liability in the consolidated financial statements.

EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	2022	2021
Profit for the year attributable to owners of the Company (<i>HK\$'000</i>)	531,431	125,444
Weighted average number of ordinary shares for the purposes of basic earnings per share	2,029,872,000	2,029,872,000
Basic earnings per share (<i>HK cents</i>)	<u>26.18</u>	<u>6.18</u>

No diluted earnings per share is presented as the Company did not have any potential dilutive ordinary share outstanding.

TRADE RECEIVABLES

The majority of the Group's sales are with credit terms of 30 days to 180 days. The remaining sales are due immediately after the delivery of goods or provision of services. The ageing analysis of the Group's trade receivables (net of loss allowance for impairment) is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current to 30 days	48,961	149,221
31 – 60 days	113,489	187,225
61 – 180 days	235,362	190,526
Over 180 days and within 1 year	3,469	7,398
Over 1 year	–	1,914
	<hr/> 401,281 <hr/>	<hr/> 536,284 <hr/>

TRADE PAYABLES

The ageing analysis of the Group's trade payables is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current to 30 days	358,690	207,890
31 – 60 days	66,313	110,108
Over 60 days	177,463	89,513
	<hr/> 602,466 <hr/>	<hr/> 407,511 <hr/>

BUSINESS REVIEW

Results overview

Revenue of the Group for the year ended 31 December 2022 amounted to HK\$2,483.1 million, representing an increase of 47.7% when comparing with last year. Profit attributable to owners of the Company amounted to HK\$531.4 million, representing an increase of 323.6% when comparing with last year. Basic earnings per share was HK26.18 cents (2021: HK6.18 cents).

Integrated circuits design operation

The Group's integrated circuits design operation comprises the design of smart cards and security chips and the development of application system. Currently, the Group's products are mainly used in the sectors of identity authentication, financial payment, government utilities, telecommunications, Internet of Things and intelligent connected vehicles. For the year ended 31 December 2022, the Group obtained 25 new patents, registered 2 new software copyrights and 4 new integrated circuits layout designs.

Demand in the global integrated circuits market grew steadily in 2022, but production capacity remained insufficient. Although some product lines were affected by the slowdown in end-user demand from the second half of the year, which posed certain challenges to the Group's operations, the Group made timely adjustments to its product mix, strived to safeguard production capacity and consolidated its smart card business while actively exploring new secure element chip application markets, adjusting the product mix of its smart cards and security chips businesses and enriching its product portfolio, resulting in an increase in the Group's sales volume and revenue when comparing with last year.

With an increase in demand for information security due to the promotion of 5G network applications, the Group has been able to achieve favourable results in the promotion of the intelligent connected vehicles and the Internet of Things secure element chip application markets. Market demand for eSIM chips, intelligent connected vehicles secure element chips and high-end SIM chips surged during the year, with sales volume growing significantly when comparing with last year. The rapid popularisation of third-generation social security cards has greatly increased the demand for replacement cards, and the sales volume of social security card chips has increased when comparing with last year. The sales volume of bank card chips was similar to that of last year. On the other hand, there was a change in the demand period for identity authentication products in 2022, and sales volume decreased slightly when comparing with last year. Due to the shortage of production capacity, sales volume of SIM card chips decreased marginally when comparing with last year. For the year ended 31 December 2022, the Group's total sales volume increased by 10.3% when comparing with last year.

Although competition in the industry remained intense in 2022, the Group achieved an increase in revenue in 2022 when comparing with last year as a result of the increase in selling price of the Group's financial EMV card chips for overseas applications, high-end SIM chips and SIM card chips for overseas applications caused by the supply of smart card chip products falling short of demand due to the continued shortage of integrated circuits production capacity in the first half of the year, as well as the successful exploration of new markets and optimisation of product mix. The Group's revenue for the year ended 31 December 2022 amounted to HK\$2,483.1 million, representing an increase of 47.7% when comparing with last year.

Benefiting from an optimised product mix, effective cost control and increase in selling price of new business products, the overall gross profit margin for the year ended 31 December 2022 has increased when comparing with last year despite intense competition.

Selling and marketing costs for the year ended 31 December 2022 amounted to HK\$76.2 million (2021: HK\$83.0 million). The percentage of selling and marketing costs to revenue decreased to 3.1% from 4.9% last year. Impacted by the pandemic in 2022, the Group made timely adjustments to its marketing approach, resulting in a reduction in selling and marketing costs.

Administrative expenses for the year ended 31 December 2022 amounted to HK\$457.7 million, representing an increase of 17.9% when comparing with last year. The increase in administrative expenses was primarily due to an increase in research and development costs during the year. The percentage of administrative expenses to revenue decreased to 18.4% from 23.1% last year. The Group continued to implement stringent cost control measures during the year.

Research and development costs for the year ended 31 December 2022 amounted to HK\$348.1 million (2021: HK\$271.8 million). The percentage of research and development costs to revenue was 14.0% (2021: 16.2%). Research and development during the year primarily focused on the research and development of secure element chip and secure microcontroller unit chip series of products, the continuous improvements in smart card products' performance, research in the secure element chips for the intelligent connected vehicles sector and the Internet of Things sector applications, and the development of application systems and solutions.

Other income

Government grants recognised as income increased by 134.5% to HK\$18.9 million for the year ended 31 December 2022, resulting from an increase in government subsidies received for research and development costs incurred by the Group in the year.

OUTLOOK

Looking ahead, the global integrated circuits industry is expected to enter a downward cycle. Nonetheless, due to the continuous impact of insufficient production capacity and tight supply in 2022, it is expected that the favourable operating trend towards the end of 2022 will be maintained in the first half of 2023. It is expected that, from the second half of 2023, competition will intensify as production capacity shortage is relieved due to changes in market supply and demand, which will pose greater challenges to the Group's operations. The Group will closely monitor changes in domestic and international market trends and adjust its production and sales strategies dynamically to better meet customers' needs with a wider range of more competitive products, continue to consolidate its leading position in the smart card chips sector as well as strengthen efforts to develop new business opportunities.

With the gradual advancement of the standardisation of policies and standards for information security in the intelligent connected vehicles sector and the Internet of Things sector, the demand for applications in these sectors is gradually emerging. Based on the Group's years of experience in security chip design and application technology, the Group will gradually strengthen its research and development in the sector of secure element chips for the intelligent connected vehicles and the Internet of Things with a market-orientated approach, taking into account the development pace of the intelligent connected vehicles and the Internet of Things applications, and optimise product mix with technological innovation to meet the needs of customers, thereby creating a sustainable future.

FINANCIAL RESOURCES AND LIQUIDITY

The Group consistently employs a prudent treasury policy and generally finances its working capital requirements through internal resources, and bank and other borrowings. At 31 December 2022, the Group had cash and cash equivalents amounting to HK\$1,172.7 million, of which 99.3% was denominated in Renminbi, 0.4% in United States dollars and 0.3% in Hong Kong dollars (2021: HK\$517.9 million, of which 98.1% was denominated in Renminbi, 1.6% in United States dollars and 0.3% in Hong Kong dollars).

At 31 December 2022, the Group had bank and other borrowings of HK\$615.7 million, all were due within one year and all were denominated in Renminbi (2021: HK\$672.7 million, all were due within one year and all were denominated in Renminbi). Among these borrowings, (i) all were unsecured (2021: all were unsecured), and (ii) all were borrowed at fixed interest rates (2021: all were borrowed at fixed interest rates). At 31 December 2022, committed borrowing facilities available to the Group but not drawn amounted to HK\$786.6 million.

The Group's revenue is mainly denominated in Renminbi and payments are denominated in Renminbi and Hong Kong dollars. The Group will make use of hedging contracts, when appropriate, to hedge the risk of foreign exchange fluctuation arising from its operations.

At 31 December 2022, the Group had net current assets of HK\$1,538.7 million (2021: HK\$769.5 million). The gearing ratio of the Group is calculated as net debt divided by total equity and net debt of the Group. At 31 December 2022 and 31 December 2021, the Group was in net cash position.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2022, the Group did not have any material outstanding capital commitment (2021: nil) for the acquisition of fixed assets and intangible assets. The Group did not have any material contingent liability at 31 December 2022 (2021: nil).

EMPLOYEE AND REMUNERATION POLICIES

At 31 December 2022, the Group had approximately 420 employees, the majority of whom were based in the PRC. Employee benefit expenses for the year were HK\$299.2 million.

The Group recognises the importance of high calibre and competent staff and has a strict recruitment policy and performance appraisal scheme. Remuneration policies of employee are largely in line with industry practices, and are formulated on the basis of performance and experience and will be reviewed regularly. Bonuses and other merit payments are linked with the performance of the Group and of the individuals as incentive to optimise performance.

The Group's employee training is divided into three levels: corporate level, departmental level and individual level. Corporate level training focuses mainly on cross-departmental and internal all-purpose trainings, such as new employee trainings, and quality and safety requirements trainings. Departmental level training focuses mainly on enhancing knowledge and skills in departmental professional areas. Trainings for individuals act as a useful supplement to the two types of training above.

AUDIT COMMITTEE

The audit committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2022.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's shares and the Company had not redeemed any of its shares during the year ended 31 December 2022.

CORPORATE GOVERNANCE CODE

The Company has complied with all the applicable code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules throughout the year ended 31 December 2022.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's audited consolidated statement of profit or loss, audited consolidated statement of comprehensive income, audited consolidated statement of financial position and the related notes thereto for the year ended 31 December 2022 as set out in this announcement have been agreed by the Company's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2022. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this announcement.

PUBLICATION OF ANNUAL REPORT

The 2022 annual report will be published on the website of the Company (www.cecht.com.cn) and on the website of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) in due course.

By Order of the Board
China Electronics Huada Technology Company Limited
Xu Haidong
Chairman

Hong Kong, 27 March 2023

As at the date of this announcement, the Board comprises two Non-executive Directors, namely Mr. Xu Haidong (Chairman) and Ms. Liu Jinmei, two Executive Directors, namely Mr. Chang Feng (Deputy Chairman and Deputy Managing Director) and Ms. Luo Wenjing, and three Independent Non-executive Directors, namely Mr. Chan Kay Cheung, Mr. Qiu Hongsheng and Mr. Chow Chan Lum.