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HUAZHONG IN-VEHICLE HOLDINGS COMPANY LIMITED
華眾車載控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6830)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

- Revenue was approximately RMB2.17 billion, representing an increase of approximately 9.8% when compared to that of the year ended 31 December 2018.
- Profit attributable to owners of the parent amounted to approximately RMB84.1 million, representing a decrease of approximately 39.4% when compared to that of the year ended 31 December 2018.
- Gross profit margin was 22.4%, representing a decrease of about 3.0% when compared to that of the year ended 31 December 2018.
- Basic earnings per share attributable to owners of the parent was approximately RMB4.75 cents (2018: approximately RMB7.84 cents).
- The Board recommends the payment of a final dividend of RMB0.4750 cent (equivalent to HK0.5206 cent at exchange rate 1:0.91243) per ordinary share for the year ended 31 December 2019 (2018: RMB0.4030 cent per share (equivalent to HK0.4714 cent per share). During the Year, no interim dividend was declared.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Huazhong In-Vehicle Holdings Company Limited (the "**Company**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019 (the "**Year**"), together with the comparative figures for the year ended 31 December 2018.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2019

	Notes	**2019** **RMB'000**	2018 RMB'000
REVENUE	4	**2,173,549**	1,979,147
Cost of sales		**(1,687,672)**	(1,477,390)
Gross profit		**485,877**	501,757
Other income and gains	4	**39,900**	29,350
Selling and distribution expenses		**(131,432)**	(133,123)
Administrative expenses		**(248,000)**	(214,468)
(Impairment losses)/reversal of impairment losses on financial assets, net		**(2,177)**	11,336
Other expenses		**(6,760)**	(5,262)
Share of profits of:			
Joint ventures		**13,220**	21,388
Finance income	5	**4,979**	4,576
Finance costs		**(43,818)**	(38,227)
PROFIT BEFORE TAX	6	**111,789**	177,327
Income tax expense	7	**(24,157)**	(36,285)
PROFIT FOR THE YEAR		**87,632**	141,042
Attributable to:			
Owners of the parent		**84,087**	138,742
Non-controlling interests		**3,545**	2,300
		87,632	141,042
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
Basic			
— For profit for the year		**RMB0.0475**	RMB0.0784
Diluted			
— For profit for the year		**RMB0.0475**	RMB0.0784

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2019

	2019 *RMB'000*	2018 *RMB'000*
PROFIT FOR THE YEAR	**87,632**	141,042
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**4,805**	36
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**4,805**	36
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**20,824**	2,650
Income tax effect	**(5,206)**	(662)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**15,618**	1,988
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**20,423**	2,024
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**108,055**	143,066
Attributable to:		
Owners of the parent	**104,510**	140,766
Non-controlling interests	**3,545**	2,300
	108,055	143,066

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2019

	Notes	2019 RMB'000	2018 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**818,505**	730,316
Investment properties		**42,363**	44,663
Right-of-use assets		**238,415**	—
Prepaid land lease payments		**—**	215,217
Intangible assets		**6,539**	7,224
Investments in joint ventures		**171,111**	163,892
Prepayments for acquiring property, plant and equipment		**72,194**	56,063
Equity investments designated at fair value through other comprehensive income		**60,149**	39,325
Deferred tax assets		**10,554**	11,345
Total non-current assets		**1,419,830**	1,268,045
CURRENT ASSETS			
Inventories		**361,648**	409,974
Trade and notes receivables	*10*	**781,605**	712,983
Prepayments and other receivables		**285,471**	241,755
Debt investment at fair value through profit or loss		**—**	30,510
Amounts due from related parties		**61,218**	85,017
Pledged deposits		**207,839**	215,004
Cash and cash equivalents		**188,250**	78,752
Total current assets		**1,886,031**	1,773,995
CURRENT LIABILITIES			
Trade and notes payables	*11*	**977,753**	848,432
Other payables and accruals		**235,270**	246,856
Interest-bearing bank and other borrowings		**811,196**	629,664
Amounts due to the ultimate controlling shareholder		**254**	1,110
Amounts due to related parties		**77,302**	67,819
Income tax payable		**43,833**	47,860
Total current liabilities		**2,145,608**	1,841,741

	2019	2018
	RMB'000	*RMB'000*
NET CURRENT LIABILITIES	**(259,577)**	(67,746)
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,160,253**	1,200,299
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**38,492**	168,136
Government grants	**12,538**	8,681
Deferred tax liabilities	**34,299**	41,092
Total non-current liabilities	**85,329**	217,909
Net assets	**1,074,924**	982,390
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**142,956**	142,956
Reserves	**894,109**	800,220
	1,037,065	943,176
Non-controlling interests	**37,859**	39,214
Total equity	**1,074,924**	982,390

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments which have been measured at fair value. The financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

The financial statements have been prepared under the going concern basis notwithstanding that the Group had net current liabilities of RMB259,577,000 as at 31 December 2019. The Directors of the Company are of the opinion that based on the available unutilised banking facilities as at 31 December 2019, the Group will have the necessary liquid funds to finance its working capital and to meet its capital expenditure requirements. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRS for the first time for the current year's financial statements.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*
IFRS 16	*Leases*
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*
IFRIC-Int 23	*Uncertainty over Income Tax Treatments*
Annual Improvements to IFRS 2015-2017 Cycle	*Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23*

Except for the amendments to IFRS 9 and IAS 19, and Annual Improvements to IFRS 2015-2017 Cycle, which are not relevant to the preparation of the Group's financial statements, the nature and the impact of the new and revised IFRS are described below:

(a) IFRS 16 replaces IAS 17 *Leases*, IFRIC-Int 4 *Determining whether an Arrangement contains a Lease, SIC-Int 15 Operating Leases — Incentives and SIC-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model to recognise and measure right-of-use assets and lease liabilities, except for certain recognition exemptions. Lessor accounting under IFRS 16 is substantially unchanged from IAS 17. Lessors continue to classify leases as either operating or finance leases using similar principles as in IAS 17.

The Group has adopted IFRS 16 using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard has been applied retrospectively with the cumulative effect of initial adoption recognised as an adjustment to the opening balance of retained profits at 1 January 2019, and the comparative information for 2018 was not restated and continued to be reported under IAS 17 and related interpretations.

New definition of a lease

Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 at the date of initial application. Contracts that were not identified as leases under IAS 17 and IFRIC-Int 4 were not reassessed. Therefore, the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee — Leases previously classified as operating leases

Nature of the effect of adoption of IFRS 16

The Group has lease contracts for various items of leasehold land and warehouse. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under IFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low-value assets (elected on a lease-by-lease basis) and leases with a lease term of 12 months or less ("**short-term leases**") (elected by class of underlying asset). Instead of recognising rental expenses under operating leases on a straight-line basis over the lease term commencing from 1 January 2019, the Group recognises depreciation (and impairment, if any) of the right-of-use assets and interest accrued on the outstanding lease liabilities (as finance costs).

Impact on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019 and included in interest-bearing bank and other borrowings. The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019.

All these assets were assessed for any impairment based on IAS 36 on that date. The Group elected to present the right-of-use assets separately in the statement of financial position.

For the leasehold land and buildings (that were held to earn rental income and/or for capital appreciation) previously included in investment properties and measured at fair value, the Group has continued to include them as investment properties at 1 January 2019. They continue to be measured at the cost model applying IAS 40.

The Group has used the following elective practical expedients when applying IFRS 16 at 1 January 2019:

- Applying the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application
- Using hindsight in determining the lease term where the contract contains options to extend/terminate the lease
- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics when measuring the lease liabilities at 1 January 2019

Financial impact at 1 January 2019

The impact arising from the adoption of IFRS 16 at 1 January 2019 was as follows:

	Increase/(decrease) *RMB'000*
Assets	
Increase in right-of-use assets	226,423
Decrease in prepaid land lease payments — non-current portion	(215,217)
Decrease in prepaid land lease payments — current portion	(4,947)
Increase in total assets	6,259
Liabilities	
Increase in interest-bearing bank and other borrowings	6,259
Increase in total liabilities	6,259

The lease liabilities as at 1 January 2019 reconciled to the operating lease commitments as at 31 December 2018 are as follows:

	RMB'000
Operating lease commitments as at 31 December 2018	11,382
Less: Commitments relating to short-term leases and those leases with a remaining lease term ended on or before 31 December 2019	(4,571)
Commitments relating to leases of low-value assets	(94)
	6,717
Weighted average incremental borrowing rate as at 1 January 2019	5.13%
Discounted operating lease commitments as at 1 January 2019	6,259
Lease liabilities as at 1 January 2019	6,259

(a) Amendments to IAS 28 clarify that the scope exclusion of IFRS 9 only includes interests in an associate or joint venture to which the equity method is applied and does not include long-term interests that in substance form part of the net investment in the associate or joint venture, to which the equity method has not been applied. Therefore, an entity applies IFRS 9, rather than IAS 28, including the impairment requirements under IFRS 9, in accounting for such long-term interests. IAS 28 is then applied to the net investment, which includes the long-term interests, only in the context of recognising losses of an associate or joint venture and impairment of the net investment in the associate or joint venture. The Group assessed its business model for its long-term interests in associates and joint ventures upon adoption of the amendments on 1 January 2019 and concluded that the Group did not have long-term interests in associates and joint ventures that should be measured in accordance with IFRS 9. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(b) IFRIC-Int 23 addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. Upon adoption of the interpretation, the Group considered whether it has any uncertain tax positions arising from the transfer pricing on its intergroup sales. Based on the Group's tax compliance and transfer pricing study, the Group determined that it is probable that its transfer pricing policy will be accepted by the tax authorities. Accordingly, the interpretation did not have any impact on the financial position or performance of the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that is primarily the manufacture and sale of internal and external decorative and structural automobile parts, moulds and tooling, casing and liquid tanks of air-conditioning or heater units and other non-automobile products. Management monitors the consolidated results for the purpose of making decisions about resources allocation and the Group's performance assessment. Accordingly, no segment analysis is presented.

Geographical information

(a) Revenue from external customers

	2019	2018
	RMB'000	*RMB'000*
Mainland China	**1,987,353**	1,745,354
Overseas	**186,196**	233,793
Total	**2,173,549**	1,979,147

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2019	2018
	RMB'000	*RMB'000*
Mainland China	**1,349,127**	1,182,626
Overseas	**—**	34,749
Total	**1,349,127**	1,217,375

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from operations of approximately RMB786,668,000 (2018: RMB565,956,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2019	2018
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of plastic parts and automotive parts	**1,899,770**	1,761,159
Sales of moulds and tooling	**273,779**	217,988
	2,173,549	1,979,147

Revenue from contracts with customers

(i) Disaggregated revenue information

All the revenue from contracts with customers is derived from the one single segment as defined in note 3. And the category of revenue from contracts with customers according to geographical region is the same with the geographical information in note 3(a).

The recognition timing of all the revenue from contracts with customers is goods transferred at a point in time.

The revenue recognised during the year ended 31 December 2019 that was included in contract liabilities at the beginning of the year was RMB94,383,000 (2018: RMB72,603,000).

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products and materials: The performance obligation is satisfied upon delivery of the products and materials and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

All the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2019 are expected to be recognised within one year as the performance obligations are part of contracts that have an original expected duration of one year or less.

	2019	2018
	RMB'000	*RMB'000*
Other income		
Government grants	**5,963**	4,213
Interest income from debt investments at fair value through profit or loss	**—**	510
Management fee	**3,600**	3,479
Net rental income from investment property operating leases, net: fixed payments	**12,262**	13,441
Compensation of demolition	**7,686**	-
Others	**7,722**	4,217
	37,233	25,860
Other gains		
Gain on sales of scrap materials	**937**	721
Gain on disposal of items of property, plant and equipment	**1,087**	2,222
Gain on disposal of an associate	**—**	547
Gain on disposal of a subsidiary	**643**	-
	2,667	3,490
	39,900	29,350

5. FINANCE INCOME

	2019	2018
	RMB'000	*RMB'000*
Interest income on bank deposits	**4,979**	4,576

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2019	2018
	RMB'000	*RMB'000*
Cost of inventories sold	**1,687,672**	1,477,390
Depreciation of property, plant and equipment	**87,147**	78,577
Depreciation of investment properties	**3,435**	2,509
Amortisation of right-of-use assets (2018: amortisation of land lease payments)	**10,214**	4,971
Amortisation of intangible assets	**1,148**	1,209
Research and development costs	**67,584**	64,930
Minimum lease payments under operating leases	—	16,964
Lease payments not included in the measurement of lease liabilities	**4,665**	-
Auditors' remuneration	**2,500**	2,600
Employee benefit expense (excluding directors' and chief executive's remuneration:		
Wages and salaries	**249,855**	225,646
Pension scheme costs	**14,861**	14,216
	264,716	239,862
Gross rental income	**(15,961)**	(17,581)
Direct expenses for generating rental income	**3,699**	4,140
Rental income, net	**(12,262)**	(13,441)
Foreign exchange differences, net	**2,429**	2,008
Impairment losses on financial assets, net	**2,177**	(11,336)
Write-down of inventories to net realisable value (included in the cost of sales)	—	140
Gain on disposal of a subsidiary	**(643)**	-
Gain on disposal of an investment in an associate	—	(547)
Gain on disposal of items of property, plant, and equipment	**(1,087)**	(2,222)
Government grants	**(5,963)**	(4,213)
Interest income on bank deposits	**(4,979)**	(4,576)

7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (the "**BVI**"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

No Hong Kong profits tax has been provided as there was no assessable profit earned in or derived from Hong Kong during the year ended 31 December 2019 (2018: Nil).

All of the Group's subsidiaries registered in the People's Republic of China (the "**PRC**") that have operations only in Mainland China are subject to PRC enterprise income tax ("**EIT**") at a rate of 25% on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws except the entities stated as follows.

Pursuant to the relevant tax rules in the PRC, Chongqing Huazhong and Chengdu Huazhong were qualified as Western China development enterprises, and were entitled to a preferential rate of 15% during the year ended 31 December 2019 (2018: 15%).

In November 2017, Ningbo Huazhong Moulding Manufacturing Co., Ltd. ("**Ningbo Huazhong Moulding**") was accredited as a "High and New Technology Enterprise" to enjoy a preferential rate of 15% for the two years ended 31 December 2017 and 2018 and the year ending 31 December 2019.

In November 2018, Foshan Huazhong Moulding was accredited as a "High and New Technology Enterprise" to enjoy a preferential rate of 15% for the three years ended 31 December 2018, 2019 and 2020.

Pursuant to the local tax rules in Germany, HZ FBZ Formenbau Zuttlingen GmbH ("**HZ FBZ**") was subject to a tax rate of 28.075% during the year ended 31 December 2019 (2018: 28.075%).

In September 2019, Changchun Huateng was accredited as a "High and New Technology Enterprise" to enjoy a preferential rate of 15% for the three years ended 31 December 2019, 2020 and 2021.

In November 2019, Ningbo Huazhong Plastic extended to be accredited as a "High and New Technology Enterprise" to enjoy a preferential rate of 15% for the three years ended 31 December 2019, 2020 and 2021.

The major components of income tax expense of the Group are as follows:

	2019	2018
	RMB'000	*RMB'000*
Current income tax		
Charge for the year	**39,453**	33,543
Over provision in prior years	**(4,087)**	(185)
Deferred income tax	**(11,209)**	2,927
Total tax charge for the year	**24,157**	36,285

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the PRC of 25% to the tax expense at the effective tax rate for each of the years is as follows:

	2019	2018
	RMB'000	*RMB'000*
Profit before tax	**111,789**	177,327
Tax at the statutory tax rate	**27,947**	44,332
Tax rate differences for specific provincial or local tax authority	**(12,771)**	(7,750)
Tax losses not recognised	**21,543**	12,159
Profits attributable to joint ventures	**(3,305)**	(5,347)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**-**	(600)
Non-taxable income	**(738)**	(514)
Expenses not deductible for tax	**1,654**	1,607
Utilisation of tax losses in previous years	**(770)**	(1,036)
Tax incentives on eligible expenditures	**(7,262)**	(6,381)
Effect on opening deferred tax of decrease in rates	**1,946**	—
Tax charge for the year at the effective rate	**28,244**	36,470

8. DIVIDENDS

	2019	2018
	RMB'000	*RMB'000*
Interim — 2019:Nil (2018: 0.4367 cent) per ordinary share	—	6,741
Proposed final — 2019: HK0.5206 cent (2018: HK0.4714 cent) per ordinary share	**8,409**	7,130
	8,409	13,871

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements have not reflected this proposed dividend.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,769,193,800 (2018: 1,769,193,800) in issue during the year.

During the year ended 31 December 2019, the calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the share option scheme, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2019 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the year.

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

	2019	2018
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**84,087**	138,742
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,769,193,800**	1,769,193,800

10. TRADE AND NOTES RECEIVABLES

	2019	2018
	RMB'000	*RMB'000*
Trade receivables	**684,155**	613,478
Notes receivable at fair value through other comprehensive income	**104,552**	104,430
	788,707	717,908
Impairment of trade receivables	**(7,102)**	(4,925)
	781,605	712,983

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group's notes receivable are all aged within six months and are neither past due nor impaired.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 3 months	**556,610**	550,087
3 to 6 months	**86,272**	50,765
6 months to 1 year	**22,246**	4,294
Over 1 year	**11,925**	3,407
	677,053	608,553

Movements in the loss allowance for impairment of trade receivables are as follows:

	2019	2018
	RMB'000	*RMB'000*
At beginning of year	**4,925**	6,091
Impairment losses/(reversal of impairment) , net	**2,177**	(1,166)
At end of year	**7,102**	4,925

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than two year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2019

	Expected loss rate	**Gross carrying amount** *RMB'000*	**Impairment** *RMB'000*
General item:			
Current and within 1 year	0.37%	667,612	2,484
More than one year but within 2 years	27.92%	16,543	4,618
		684,155	7,102

As at 31 December 2018

	Expected loss rate	Gross carrying amount *RMB'000*	Impairment *RMB'000*
General item:			
Current and within 1 year	0.47%	607,977	2,831
More than one year but within 2 years	38.07%	5,501	2,094
		613,478	4,925

11. TRADE AND NOTES PAYABLES

An ageing analysis of the trade and notes payables of the Group as at 31 December 2019, based on the invoice date, is as follows:

	2019	2018
	RMB'000	*RMB'000*
Within 3 months	**697,204**	575,199
3 to 12 months	**278,891**	269,432
1 to 2 years	—	1,995
2 to 3 years	**130**	1,126
Over 3 years	**1,528**	680
	977,753	848,432

The trade payables are non-interest-bearing and normally settled on terms of 30 to 90 days. Notes payable are generally with a maturity period of six months.

Certain notes payable were secured by deposits of the Group with a carrying value of RMB88,938,000 as at 31 December 2019 (2018: RMB68,087,000).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During 2019, the automobile industry production and sales level had declined slightly as a result of a slowing global economy. According to the statistics from China Association of Automobile Manufacturers, over 25.7 million vehicles were manufactured and over 25.8 million vehicles were sold in 2019, representing a decrease of 7.5% and 8.2%, respectively, from the previous year. In terms of sales and manufacturing volumes, China has again ranked number one in the world for another year.

As a tier-one supplier with scalable production capacity and strong research and development (the "**R&D**") capability, the Group has established long-term business relationships with the leading players in the market. The solid partnership with industry leaders has provided a strong foothold for the Group to capture the growth of the automobile industry.

BUSINESS REVIEW

The Group offers one-stop solutions to its customers, from the design and manufacture of moulds and tooling for mass production of specific products to the development and manufacture of new products which meet its customers' functional requirements and specifications.

The Group offers a wide range of automobile body parts, including internal and external structural and decorative parts (such as front/rear bumper, front-end carrier, dashboard, ABCD-pillars, air inlet grille and rocker panel), air conditioning unit casings and liquid tanks through our subsidiaries and jointly controlled entities. We also manufacture fabric used for ABCD-pillar and headliner for automobile through one of our jointly controlled entities.

The Group also produces moulds and tooling for our manufacturing arm, with the ability to produce moulds and tooling for complex or large-size automobile body parts such as bumper and front-end carrier. Apart from automobile-related products, the Group also manufactures other products such as top cowl cover for engine of motorboat and office chair parts.

During the year the Group faced with continuously increasing production costs. As such, the Group rigorously enforced the implementation of cost controls, improved staff quality and strengthened administrative efficiency internally. Externally, the Group strived to fortify the long-term cooperation with customers, develop new market opportunities, maintain sound business operation capability, consolidate the Group's resources and improve market competitiveness. These actions successfully helped the Group in achieving the annual targets, and laid the foundation for its sustainable operation in the future.

For the Year, the Group's revenue was approximately RMB2.17 billion, representing an increase of approximately 9.8% as compared to approximately RMB1.98 billion in 2018. Profit attributable to the owners of the parent for the Year was approximately RMB84.1 million, representing a decrease of approximately 39.4% as compared to approximately RMB138.7 million in 2018.

OPERATIONS ANALYSIS

The Board believes that the Group's achievements are attributable to the following aspects:

- The Group provides one-stop product development and manufacturing solutions to customers. This vertically integrated service has enabled the Group to improve production efficiency, shorten the roll-out time for new products, stringently control production cost and quality throughout the whole production process and strengthen its business relationships with customers.

- The Group has strong R&D capacity to develop new products with customers simultaneously. This enables the Group to establish close relationships with its major customers and deepen its understanding of the customers' needs.

- The Group established production bases that are located close to the production bases of most of the key automakers in China. The geographic proximity advantage enables the Group to provide services to its customers in a timely manner, strengthen its relationships with these customers and reduce transportation costs, and thereby further enhancing its competitiveness.

- The Group maintains long-term business relationships with both domestic and multinational automakers, while rigorously engaging new customers.

- The Group is equipped with strong production capabilities and refined manufacturing technology. The Group has adopted the most advanced technologies and production equipment in this industry.

- The Group has an experienced management team with deep knowledge and understanding of the automobile body parts industry.

- The Group monitors its product quality in a stringent manner. It implements sophisticated quality monitoring procedures to select and examine raw materials, semi-finished and finished products to ensure a high standard of quality.

FINANCIAL REVIEW

Revenue

The revenue of the Group was primarily derived from five categories of products:

(i) automotive interior and exterior structural and decorative parts;

(ii) moulds and tooling;

(iii) casings and liquid tanks of air conditioners and heaters;

(iv) non-automobile products; and

(v) sale of raw materials.

	2019		2018	
		Gross profit		Gross profit
	Revenue	**Margin**	Revenue	Margin
	RMB'000	***%***	*RMB'000*	*%*
Automotive interior and exterior structural and decorative parts	**1,532,396**	**29.8**	1,468,895	30.2
Moulds and tooling	**273,779**	**-6.5**	217,988	5.9
Casings and liquid tanks of air conditioners and heaters	**107,192**	**13.5**	131,381	13.2
Non-automobile products	**51,582**	**40.5**	60,511	40.0
Sale of raw materials	**208,600**	**5.7**	100,372	4.3
Total	**2,173,549**	**22.4**	1,979,147	25.4

For the Year, the total revenue generated from automotive interior and exterior structural and decorative parts was approximately RMB1,532,396,000 (2018: RMB1,468,895,000), accounting for 70.5% of the Group's total revenue for the Year (2018: 74.2%). The increase was primarily because of the expansion of new markets and new customers during the Year. Gross profit margin decreased slightly from approximately 30.2% in 2018 to approximately 29.8% in 2019.

For the Year, revenue from moulds and tooling was approximately RMB273,779,000 (2018: RMB217,988,000), accounting for approximately 12.6% of the Group's total revenue for the Year (2018: 11.0%). Gross profit margin decreased from 5.9% in 2018 to -6.5% in the Year. The decrease in gross profit margin was mainly attribute to the disappointed performance of the subsidiary located in Germany. The subsidiary was suffered from sluggish European market and continuing increased cost. Therefore, its unsatisfactory results had led to a reduction in the overall margin for this segment.

For the Year, revenue from casings and liquid tanks of air conditioners and heaters was approximately RMB107,192,000 (2018: RMB131,381,000), accounting for approximately 4.9% of the Group's total revenue for the Year (2018: 6.6%). Gross profit margin increased slightly from approximately 13.2% in 2018 to approximately 13.5% in the Year.

For the Year, revenue from non-automobile products was approximately RMB51,582,000 (2018: RMB60,511,000), accounting for approximately 2.4% of the Group's total revenue for the Year (2018: 3.1%). Gross profit margin increased slightly from approximately 40.0% in 2018 to approximately 40.5% in the Year.

For the Year, revenue from sale of raw materials was approximately RMB208,600,000 (2018: RMB100,372,000), accounting for approximately 9.6% of the Group's total revenue for the Year (2018: 5.1%). Gross profit margin increased to approximately 5.7% (2018: 4.3%) during the Year.

Other Income and Gains

Other income and gains of the Group for the Year amounted to approximately RMB39,900,000 (2018: RMB29,350,000), representing an increase of 35.9% from last year. The increase was mainly attributable to the compensation of demolition amounting to RMB7,686,000 of a factory during the year, while there was no such other income in the prior year.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the Year amounted to approximately RMB131,432,000 (2018: RMB133,123,000). The proportion of selling and distribution expenses in sales revenue for the Year was around 6.0% (2018: 6.7%).

Administrative Expenses

The Group's administrative expenses for the Year amounted to approximately RMB248,000,000, representing an increase of approximately 15.6% as compared to approximately RMB214,468,000 in 2018. The increase was mainly attributable to the increase of salary and welfare, R&D expense and office expense during the year.

Share of Profits of Joint Ventures

During the Year, the Group recorded approximately RMB13,220,000 of the share of profits of joint ventures as compared to the share of profits of approximately RMB21,388,000 for 2018.

Finance Income

The Group's finance income increased by approximately 8.8% from approximately RMB4,576,000 in 2018 to approximately RMB4,979,000 in the Year. The increase was mainly due to increase in cash and bank balance.

Finance Costs

The Group's finance costs increased from approximately RMB38,227,000 in 2018 to approximately RMB43,818,000 in the Year, representing an increase of approximately 14.6%, which was attributable to an increase of bank borrowing balance during the Year.

Taxes

The Group's tax expenses decreased by approximately 33.4% from approximately RMB36,285,000 in 2018 to approximately RMB24,157,000 in the Year. The decrease was mainly attributable to the decrease in taxable profits during the Year.

Liquidity and Financial Resources

For the Year, the net cash generated from operating activities was approximately RMB275,899,000 (2018: RMB204,417,000). The cash generated from operating activities was mainly from the profits during the Year.

The net cash used in investing activities was approximately RMB204,771,000 (2018: RMB165,104,000). The net cash generated from financing activities was approximately RMB38,370,000 (2018: used in RMB11,675,000). The net cash used in investing activities was mainly for the purchase of property, plant and equipment. The net cash generated from financing activities was mainly due to the net increase in bank loans.

As a result of the above-mentioned comprehensive factors, the net cash inflow of the Group was approximately RMB109,498,000 (2018: net cash inflow RMB50,988,000).

As at 31 December 2019, the cash and cash equivalents of the Group (including cash and bank deposits) was approximately RMB188,250,000 (31 December 2018: RMB78,752,000).

As at 31 December 2019, the interest-bearing bank borrowings of the Group were approximately RMB845,986,000 (31 December 2018: RMB797,800,000) of which approximately RMB161,753,000 (equivalent to HKD180,572,000) were borrowed in HKD, and approximately RMB808,642,000 were due within one year. Amongst the bank borrowings, RMB453,003,000 were borrowed at floating interest rate, representing 53.5% of total borrowings (46.5% of total borrowings at fixed interest rate).

The Board expects that the bank loans would either be settled by fund from internal resources or rolled over as it was due. All principal banks will continue to provide fund to the Group for its business operation.

Capital Commitments

As at 31 December 2019, the Group had capital commitments amounting to approximately RMB160,011,000 (31 December 2018: RMB156,941,000) mainly including commitment for purchasing property, plant, and equipment.

Foreign Exchange Exposure

The sales and purchases of the Group were mainly denominated in RMB and Euro. The cash and cash equivalents of the Group were mainly denominated in RMB and Hong Kong dollars. The borrowings are denominated in RMB and Hong Kong dollars. Since the Group's exposure to fluctuations in foreign exchange rates was minimal, the Group has not implemented any foreign currency hedging policy at the moment. However, the management will closely monitor the foreign exchange exposure of the Group and will consider hedging the foreign exchange exposure if it becomes significant to the Group.

Capital Structure

The total number of issued and fully paid ordinary shares of the Company as at 31 December 2019 was 1,769,193,800.

Contingent Liabilities

As at 31 December 2019, the Group had no significant contingent liabilities (31 December 2018: Nil).

Pledge of Assets

As at 31 December 2019, the Group's assets of approximately RMB182,770,000 (2018: RMB213,489,000) were pledged to secure some of the Group's interest-bearing bank borrowings. The book value of the pledged assets is set out below:

	2019	2018
	RMB'000	*RMB'000*
Property, plant and equipment	**16,649**	16,643
Investment properties	**1,884**	2,133
Prepaid land lease payments	**—**	47,796
Right-of-use assets — prepaid land lease payments	**46,803**	—
Pledged deposits	**117,434**	146,917
Total	**182,770**	213,489

As at 31 December 2019, deposits with book value of approximately RMB88,938,000 (2018: RMB68,087,000) were used as security to provide guarantee for the issue of notes payable.

Gearing Ratio

As at 31 December 2019, the Group's gearing ratio was approximately 65.3%, which was decreased slightly as compared with the gearing ratio of approximately 66.6% as at 31 December 2018. The gearing ratio is derived by dividing net liabilities (including interest-bearing bank borrowings, trade and notes payables, other payables and accruals, and payables to related parties and the ultimate controlling shareholder less cash and cash equivalents) by total capital (including equity attributable to owners of the parent company) plus net liabilities at the end of the respective years.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures and Future Plans for Material Investments or Capital Assets

During the Year, the Group did not have any significant investments or acquisition or disposal of subsidiaries, associates and joint ventures. There was no plan authorised by the Board for any material investments or additions of capital assets as at the date of this announcement.

Employees and Remuneration Policies

The Group had a total of 3,300 (2018: 3,316) employees as at 31 December 2019. Total staff costs of the Group (excluding the Directors' and chief executive's remuneration) for the Year was approximately RMB262,767,000 (2018: approximately RMB239,862,000). The increase was mainly attributable to the increase in average number of employees and compensation paid to employees of a factory due to demolition of that factory during the year. The Group's remuneration policies were in line with relevant legislation, market conditions and the performance of our employees.

Events after the Year

There has been an outbreak of the novel coronavirus that was first reported from Wuhan, China in December 2019. To prevent or control the epidemic, the Chinese government has adopted a series of measures nationwide, including among others, restrictions on enterprises from resuming work, traffic control and travel bans.

As of the date of this financial statements, the assessment is still in progress, the Group will continue to closely monitor the development of the novel coronavirus, assess and actively respond to its impact on the financial condition, operating results and other aspects of the Group.

PROSPECTS

In the first quarter of 2020, the outbreak of COVID-19 has substantially dented China's economy and suppressed the local demand for auto. In February 2020, the Chinese government adopted a series of policies including implementing traffic controls between provinces and suspending businesses to contain the spread of the epidemic. These measures affected the supply chain and almost all industries in China. In staunch support of the Chinese government, the Group's production bases were temporarily suspended after the Lunar New Year but had all resumed operation by the end of February. We are positive that the short-term suspension will not have a significant impact on the Group's annual production capacity.

With effective measures taken by the government, the number of locally transmitted cases in China has dropped dramatically by the end of March, showing signs of stabilization. The market is expecting a mild recovery in the coming months alongside the Chinese government's policies and incentives to promote the local auto consumption, such as vehicle licence quota increase and subsidies for electric vehicles ("**EV**"), releasing of the suppressed demand in the first quarter. The Group will work closely with its customers of the leading high-end and joint-venture auto brands and EV brands to capture the recovery of the market. Meanwhile, the disruption of the global supply chain outside China due to the epidemic has accelerated the domestic sourcing in China. This has presented new opportunities to China-based auto components suppliers that have high-standard quality, cost advantages, and ongoing research and development capacity. As one of the leading auto body parts manufacturers in China, the Group is well positioned to seize the opportunities and garner greater marker share.

With the ongoing global trend of energy conservation and better environmental efficiency, weight reduction vehicle continues to be a major development direction for auto industry. Car manufacturers have been seeking auto parts solution that are durable yet light in weight. The Group will keep leveraging on its expertise in plastic product design and manufacturing technology, offering customized and value-added solutions lightweight solutions to its auto brand customers to match consumers' ever-changing needs and desire for high quality, comfortable and functional car interior design. The Group will also explore the new opportunities brought by the rapid growth of 5G network and Internet of Things, which constantly demands for new auto interior parts for smart vehicles.

Looking ahead to the remainder of 2020, the business environment is expected to be challenging and volatile. The Group is determined in self-enhancement and internal optimization that it will never stop investing in research and development to stay at the forefront of plastic lightweight technology and stay competitive. On the other hand, the Group will streamline its production to reduce operating costs and expenses to stay financially healthy for the economic cycle. The Group will thoughtfully monitor and react fast to the market dynamics to maintain its business sustainability and profitability.

Forward Looking Statements

This management discussion and analysis contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Forward looking statements involve inherent risks and uncertainties. Readers including shareholders and investors should be cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward looking statement.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions prescribed in the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as the code of the Company.

The Board is of the view that the Company complied with all applicable code provisions set out in the CG Code throughout the Year, except for the following deviation:

Code Provision A.2.1

Code provision A.2.1 of the CG Code stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual. With the support of the joint company secretaries of the Company, the chairman of the Board (the "**Chairman**") seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and received adequate and reliable information on a timely basis.

Since Mr. Zhou Minfeng now serves as both the Chairman and the chief executive of the Company (the "**Chief Executive**") after the resignation of Mr. Li Xuejun on 31 July 2019, such practice deviates from code provision A.2.1 of the CG Code. The Board believes that vesting the roles of both the Chairman and the Chief Executive in the same person can facilitate the effective execution of the Group's business strategies and operation. Furthermore, there are various experienced individuals in charge of the daily business operation and the Board comprises two executive Directors, four non-executive Directors and five independent non-executive Directors, with a balance of skill and experience appropriate for the Group's further development. The Board will review such deviation from time to time to enhance the best interest of the Group as a whole.

A full description of the Company's corporate governance will be set out in the 2019 annual report of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "**Model Code**") as the code of conduct governing dealings by all the Directors in the securities of the Company. Specific enquiries have been made with all Directors, who have confirmed that, during the Year, they were in compliance with the required provisions set out in the Model Code. All of the Directors declared that they complied with the required standards of dealings as set out in the Model Code throughout the Year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

DIVIDENDS

The Board recommends the payment of a final dividend of RMB0.4750 cent (equivalent to HK0.5206 cent at exchange rate of HK$1 equals to RMB0.91243) per ordinary share for the Year (2018: RMB0.4030 cent per share (equivalent to HK0.4714 cent per share at an exchange rate of HK$1 equals to RMB0.8548). The payment of dividends shall be subject to the approval of the Shareholders of the Company at the forthcoming annual general meeting of the Company (the "**AGM**"). The proposed final dividend is expected to be paid on or before 31 July 2020. During the Year, no interim dividend was declared.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") consists of three members, namely Mr. Yu Shuli (chairman), Mr. Tian Yushi and Mr. Xu Jiali, all of them are the independent non-executive Directors. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems of the Group.

Disclosure of financial information in this announcement complies with Appendix 16 of the Listing Rules. The Audit Committee has provided supervision over the Group's financial reporting process. The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed the auditing and financial reporting matters, including the review of the annual results of the Group for the Year. The Audit Committee has reviewed the annual results of the Group for the Year and is of the view that the announcement of annual results for the Year is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of financial position, and the related notes thereto for the Year have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the year. The work performed by the Company's auditor 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 the Company's auditor on this preliminary results announcement.

APPRECIATION

The chairman of the Board would like to take this opportunity to thank his fellow Directors for their invaluable advice and guidance, and to each and everyone of the staff of the Group for their hard work and loyalty to the Group.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.cn-huazhong.com). The annual report of the Company for the Year containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Huazhong In-Vehicle Holdings Company Limited
Zhou Minfeng
Chairman and Chief Executive

Hong Kong, 27 March 2020

As at the date of this announcement, the executive Directors are Mr. Zhou Minfeng and Mr. Chang Jingzhou; the non-executive Directors are Ms. Lai Cairong, Mr. Wang Yuming, Mr. Guan Xin and Mr. Yu Zhuoping; and the independent non-executive Directors are Mr. Wong Luen Cheung Andrew, Mr. Yu Shuli, Mr. Tian Yushi, Mr. Xu Jiali and Mr. Wu Bichao.