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CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED

中國航天國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 31)

ANNOUNCEMENT OF INTERIM RESULTS 2024

The Board of Directors (the “Board”) of China Aerospace International Holdings Limited (the “Company”) announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2024 together with the comparative figures of the same period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

| | | Six months ended | |
|---|--------------|-------------------------|-----------------|
| | | 30.6.2024 | 30.6.2023 |
| | | (Unaudited) | (Unaudited) |
| | <i>NOTES</i> | <i>HK\$'000</i> | <i>HK\$'000</i> |
| Revenue | 3 | 1,824,756 | 1,733,548 |
| Cost of sales | | (1,456,518) | (1,384,532) |
| Gross profit | | 368,238 | 349,016 |
| Other income | 4 | 39,969 | 37,441 |
| Other gains and losses | 4 | (22,203) | 28,867 |
| Selling and distribution expenses | | (36,285) | (39,891) |
| Administrative expenses | | (198,333) | (200,304) |
| Research and development expenses | | (73,471) | (77,591) |
| Fair value changes of investment properties | | (200,457) | (8,619) |
| Impairment losses under expected credit loss model (“ECL”), net of reversal | | 1,239 | 8,166 |
| Finance costs | | (26,512) | (32,963) |
| Share of results of associates | | 20,414 | (5,423) |
| Share of results of joint ventures | | 173 | (1,445) |
| (Loss) profit before taxation | 5 | (127,228) | 57,254 |

| | | Six months ended | |
|---|--------------|------------------------------|---------------------|
| | | 30.6.2024 | 30.6.2023 |
| | | (Unaudited) | (Unaudited) |
| | <i>NOTES</i> | HK\$'000 | <i>HK\$'000</i> |
| Taxation | 6 | <u>68,135</u> | <u>(2,189)</u> |
| (Loss) profit for the period | | <u>(59,093)</u> | <u>55,065</u> |
| (Loss) profit for the period attributable to: | | | |
| Owners of the Company | | (28,578) | 45,506 |
| Non-controlling interests | | <u>(30,515)</u> | <u>9,559</u> |
| | | <u>(59,093)</u> | <u>55,065</u> |
| (Loss) earnings per share | | | |
| Basic and diluted | 7 | <u>(HK0.93 cents)</u> | <u>HK1.48 cents</u> |

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**
FOR THE SIX MONTHS ENDED 30 JUNE 2024

| | Six months ended | |
|--|-------------------------|-------------------------|
| | 30.6.2024 | 30.6.2023 |
| | (Unaudited) | (Unaudited) |
| | <i>HK\$'000</i> | <i>HK\$'000</i> |
| (Loss) profit for the period | <u>(59,093)</u> | <u>55,065</u> |
| Other comprehensive expense: | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | |
| Exchange differences arising on translating foreign operations | | |
| — subsidiaries | (191,982) | (383,523) |
| — associates | (5,730) | (10,853) |
| — joint ventures | <u>(1,610)</u> | <u>(3,282)</u> |
| Other comprehensive expense for the period | <u>(199,322)</u> | <u>(397,658)</u> |
| Total comprehensive expense for the period | <u><u>(258,415)</u></u> | <u><u>(342,593)</u></u> |
| Total comprehensive expense for the period attributable to: | | |
| Owners of the Company | (181,929) | (257,502) |
| Non-controlling interests | <u>(76,486)</u> | <u>(85,091)</u> |
| | <u><u>(258,415)</u></u> | <u><u>(342,593)</u></u> |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2024

| | | 30.6.2024 (Unaudited) <i>HK\$'000</i> | 31.12.2023 (Audited) <i>HK\$'000</i> |
|--|--------------|---|--|
| | <i>NOTES</i> | | |
| Non-current assets | | | |
| Property, plant and equipment | | 2,068,239 | 1,994,602 |
| Right-of-use assets | | 215,082 | 231,608 |
| Investment properties | | 8,170,488 | 8,536,258 |
| Interests in associates | | 255,110 | 240,426 |
| Interests in joint ventures | | 135,976 | 137,413 |
| Financial assets at fair value through profit or loss | | 96,051 | 125,915 |
| Deposit paid for property, plant and equipment | | 95,206 | 20,872 |
| Pledged bank deposits | | – | 10,000 |
| Long-term assets | 9 | 22,464 | 22,775 |
| | | 11,058,616 | 11,319,869 |
| Current assets | | | |
| Inventories | | 505,349 | 455,543 |
| Trade and other receivables | 9 | 1,122,019 | 1,042,629 |
| Amount due from a related party | | 428 | 207 |
| Financial assets at fair value through profit or loss | | 1,975 | 2,226 |
| Pledged bank deposits | | 80,508 | 19,546 |
| Restricted bank deposits | | 28,238 | 30,112 |
| Short-term bank deposits | | 280,932 | 204,008 |
| Cash and cash equivalents | | 1,115,049 | 1,509,144 |
| | | 3,134,498 | 3,263,415 |
| Current liabilities | | | |
| Trade and other payables | 10 | 1,270,840 | 1,204,944 |
| Contract liabilities | | 40,229 | 50,258 |
| Lease liabilities | | 35,164 | 34,075 |
| Bank borrowings | | 6,445 | 5,531 |
| Amount due to a joint venture | | 59,087 | 59,087 |
| Loan from a related party | | 6,424 | 12,074 |
| Taxation payable | | 61,158 | 61,679 |
| | | 1,479,347 | 1,427,648 |
| Net current assets | | 1,655,151 | 1,835,767 |
| Total assets less current liabilities | | 12,713,767 | 13,155,636 |

| | 30.6.2024 (Unaudited) HK\$'000 | 31.12.2023 (Audited) HK\$'000 |
|---|---|---|
| Non-current liabilities | | |
| Lease liabilities | 80,707 | 90,627 |
| Bank borrowings | 122,449 | 101,612 |
| Loan from a major shareholder | 107,411 | 109,890 |
| Loan from a related party | 1,092,374 | 1,159,451 |
| Deferred taxation | 2,098,281 | 2,223,096 |
| | <u>3,501,222</u> | <u>3,684,676</u> |
| | <u>9,212,545</u> | <u>9,470,960</u> |
| Capital and reserves | | |
| Share capital | 1,154,511 | 1,154,511 |
| Reserves | 6,075,037 | 6,256,966 |
| | <u>7,229,548</u> | <u>7,411,477</u> |
| Equity attributable to owners of the Company | <u>1,982,997</u> | <u>2,059,483</u> |
| Non-controlling interests | <u>9,212,545</u> | <u>9,470,960</u> |

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2023 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2024 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2023.

Application of new amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual periods beginning on 1 January 2024 for the preparation of the Group’s condensed consolidated financial statements:

| | |
|-------------------------------------|---|
| Amendments to HKFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to HKAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) |
| Amendments to HKAS 1 | Non-current Liabilities with Covenants |
| Amendments to HKAS 7 And HKFRS 7 | Supplier Finance Arrangements |

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group determines its operating and reportable segments based on the internal reports reviewed by the President, the chief operating decision maker (“CODM”) of the Group, that are used to make strategic decisions.

Specifically, there are 7 reportable segments, namely Hi-Tech Manufacturing Business (including plastic products, liquid crystal display, printed circuit boards, intelligent chargers, intelligent power modules and industrial property investment) and Aerospace Service (including property investment in Shenzhen Aerospace Science & Technology Plaza) which represent the major industries in which the Group is engaged.

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

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

For the six months ended 30 June 2024

| | Revenue | | | Segment results HK\$'000 |
|--|----------------------------|---------------------------------|-------------------------|-----------------------------|
| | External sales HK\$'000 | Inter-segment sales HK\$'000 | Total HK\$'000 | |
| Hi-Tech Manufacturing Business | | | | |
| Plastic products | 794,838 | 15,689 | 810,527 | 36,832 |
| Liquid crystal display | 323,594 | – | 323,594 | 29,015 |
| Printed circuit boards | 456,418 | – | 456,418 | 19,335 |
| Intelligent chargers | 137,580 | 269 | 137,849 | (1,872) |
| Intelligent power modules | 7,764 | – | 7,764 | (13,676) |
| Industrial property investment | 5,161 | 13,049 | 18,210 | (9,946) |
| | <u>1,725,355</u> | <u>29,007</u> | <u>1,754,362</u> | <u>59,688</u> |
| Aerospace Service | | | | |
| Property investment in Shenzhen Aerospace Science & Technology Plaza | 95,585 | 48 | 95,633 | (127,053) |
| Reportable segments total | <u>1,820,940</u> | <u>29,055</u> | <u>1,849,995</u> | <u>(67,365)</u> |
| Elimination | – | (29,055) | (29,055) | – |
| Other Business | <u>3,816</u> | – | <u>3,816</u> | <u>(295)</u> |
| | <u><u>1,824,756</u></u> | <u><u>–</u></u> | <u><u>1,824,756</u></u> | <u><u>(67,660)</u></u> |
| Unallocated corporate income | | | | 13,660 |
| Unallocated corporate expenses | | | | (35,363) |
| Unallocated gains and losses | | | | (31,940) |
| Share of results of associates | | | | 20,414 |
| Share of results of joint ventures | | | | 173 |
| Finance costs | | | | <u>(26,512)</u> |
| Loss before taxation | | | | <u><u>(127,228)</u></u> |

For the six months ended 30 June 2023

| | Revenue | | | Segment results HK\$'000 |
|--|----------------------------|---------------------------------|-------------------|-----------------------------|
| | External sales HK\$'000 | Inter-segment sales HK\$'000 | Total HK\$'000 | |
| Hi-Tech Manufacturing Business | | | | |
| Plastic products | 661,837 | 11,216 | 673,053 | 13,236 |
| Liquid crystal display | 425,772 | – | 425,772 | 44,043 |
| Printed circuit boards | 421,555 | 875 | 422,430 | 4,482 |
| Intelligent chargers | 114,050 | 1,304 | 115,354 | (7,645) |
| Intelligent power modules | 3,316 | – | 3,316 | (19,018) |
| Industrial property investment | 4,745 | 12,484 | 17,229 | 1,103 |
| | <u>1,631,275</u> | <u>25,879</u> | <u>1,657,154</u> | <u>36,201</u> |
| Aerospace Service | | | | |
| Property investment in Shenzhen Aerospace Science & Technology Plaza | <u>99,260</u> | <u>370</u> | <u>99,630</u> | <u>48,800</u> |
| Reportable segments total | 1,730,535 | 26,249 | 1,756,784 | 85,001 |
| Elimination | – | (26,249) | (26,249) | – |
| Other Business | <u>3,013</u> | <u>–</u> | <u>3,013</u> | <u>(276)</u> |
| | <u>1,733,548</u> | <u>–</u> | <u>1,733,548</u> | <u>84,725</u> |
| Unallocated corporate income | | | | 20,235 |
| Unallocated corporate expenses | | | | (36,892) |
| Unallocated gains and losses | | | | 20,851 |
| Share of results of associates | | | | (5,423) |
| Share of results of joint ventures | | | | (1,445) |
| Finance costs | | | | (32,963) |
| Impairment loss under ECL, net of reversal | | | | <u>8,166</u> |
| Profit before taxation | | | | <u>57,254</u> |

Segment results represent the profit earned/loss incurred by each segment without allocation of interest income, share of results of joint ventures and associates, interest expenses, certain impairment loss under ECL (net), unallocated gains and losses (including unallocated exchange gains (losses) and changes in fair value of financial assets at fair value through profit or loss), and other unallocated corporate income and corporate expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Inter-segment sales are charged at cost-plus basis.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

| Six months ended | |
|------------------|-----------|
| 30.6.2024 | 30.6.2023 |
| HK\$'000 | HK\$'000 |

The Group's other income mainly comprises:

| | | |
|--------------------------|--------|--------|
| Bank interest income | 13,410 | 19,954 |
| Sales of scrap materials | 12,752 | 12,826 |

The Group's other gains and losses mainly comprise:

| | | |
|--|----------|---------|
| Net gain on disposal of property, plant and equipment | 656 | 390 |
| Net loss from change in fair value of financial assets at fair value through profit or loss | (27,686) | (1,709) |
| Net exchange gain | 4,827 | 7,223 |

5. (LOSS) PROFIT BEFORE TAXATION

| Six months ended | |
|------------------|-----------|
| 30.6.2024 | 30.6.2023 |
| HK\$'000 | HK\$'000 |

(Loss) profit before taxation has been arrived at after charging:

| | | |
|---|---------|---------|
| Depreciation of property, plant and equipment | 118,935 | 121,724 |
| Depreciation of right-of-use assets | 19,144 | 20,359 |

6. TAXATION

| Six months ended | |
|------------------|-----------|
| 30.6.2024 | 30.6.2023 |
| HK\$'000 | HK\$'000 |

| | | |
|---------------------------|----------|-------|
| Current tax | | |
| Hong Kong Profits Tax | 2,154 | 1,609 |
| PRC Enterprise Income Tax | 6,040 | 1,489 |
| | 8,194 | 3,098 |
| Deferred tax credit | (76,329) | (909) |
| | (68,135) | 2,189 |

Hong Kong Profits Tax and Enterprise Income Tax of the PRC have been calculated at 16.5% and 25%, respectively, of the estimated assessable profits for the periods under review other than certain subsidiaries in the mainland China that are entitled to High and New Technology Enterprise status of which the applicable income tax rate is 15%.

7. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the owners of the Company is based on the following data:

| | Six months ended | |
|---|-------------------------|------------------|
| | 30.6.2024 | 30.6.2023 |
| | HK\$'000 | HK\$'000 |
| (Loss) earnings | | |
| (Loss) profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss) earnings per share | <u>(28,578)</u> | <u>45,506</u> |
| | 30.6.2024 | 30.6.2023 |
| | '000 | '000 |
| Number of shares | | |
| Number of ordinary shares for the purpose of basic and diluted (loss) earnings per share | <u>3,085,022</u> | <u>3,085,022</u> |

The computation of diluted earnings per share does not assume the conversion of convertible loan notes because the exercise price of the convertible loan notes was higher than the average market price for share for the six months ended 30 June 2024. (1.1.2023 to 30.6.2023: The computation of diluted earnings per share assumes the conversion of convertible loan notes issued by its associates but has no impact on the overall diluted earnings per share).

8. DIVIDEND

The board of directors of the Company does not recommend the payment of a final dividend for the year ended 31 December 2023. (1.1.2023 to 30.6.2023: 2022 final dividend of HK2 cents per share amounting to HK\$61,700,000 was declared and approved by shareholders of the Company. The amount was subsequently paid to owners of the Company on 18 July 2023).

The Board of the Company decided not to distribute an interim dividend for 2024. (1.1.2023 to 30.6.2023: the Board of the Company decided not to distribute an interim dividend for 2023).

9. TRADE AND OTHER RECEIVABLES AND LONG-TERM ASSETS

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

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

| | 30.6.2024 (Unaudited) <i>HK\$'000</i> | 31.12.2023 (Audited) <i>HK\$'000</i> |
|----------------------|---|--|
| Within 90 days | 734,591 | 777,853 |
| Between 91–180 days | 219,590 | 105,778 |
| Between 181–365 days | 12,990 | 16,196 |
| Over 1 year | 12,481 | – |
| | <u>979,652</u> | <u>899,827</u> |

As at 30 June 2024, included in the Group's trade receivables arising from contracts with customers is bills received amounting to HK\$83,761,000 (31.12.2023: HK\$107,213,000) which are held by the Group for future settlement of trade receivables. All bills received by the Group are with a maturity period of less than one year.

The Group's rental income is accrued and recognised on an effective rental basis after taking into account the rent free period and progressive rentals which are recorded as unbilled lease receivables which are accrued rental income that are expected to be realised when the rental payment over the effective rental. Lease receivables are invoiced to tenants on a monthly basis after the rent free period and are due for settlement upon the issuance of invoices.

The following is an aged analysis of billed lease receivables, net of allowance of credit losses, presented based on invoice date which are also past due balances at the end of the reporting period:

| | 30.6.2024 (Unaudited) <i>HK\$'000</i> | 31.12.2023 (Audited) <i>HK\$'000</i> |
|----------------|---|--|
| Within 90 days | <u>2,645</u> | <u>3,275</u> |

10. TRADE AND OTHER PAYABLES

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

| | 30.6.2024 (Unaudited) <i>HK\$'000</i> | 31.12.2023 (Audited) <i>HK\$'000</i> |
|---------------------|---|--|
| Within 90 days | 602,579 | 484,558 |
| Between 91–180 days | 9,766 | 22,685 |
| | <u>612,345</u> | <u>507,243</u> |

RESULTS

For the six months ended 30 June 2024, the unaudited operating revenue of the Company and its subsidiaries was HK\$1,824,756,000, representing an increase of 5.26% as compared with the same period in 2023. Net loss for the period was HK\$59,093,000, compared to a net profit of HK\$55,065,000 for the same period in 2023, representing a turnaround from profit to loss for the period. Loss attributable to owners of the Company for the period was HK\$28,578,000, whereas the profit attributable to owners of the Company was HK\$45,506,000 for the same period in 2023. Basic loss per share attributable to owners of the Company for the period was HK0.93 cents (first half of 2023: basic earnings per share of HK1.48 cents).

Taking into account the capital requirements for future development needs, the Board resolved not to distribute an interim dividend for 2024 (2023 interim dividend: nil).

BUSINESS REVIEW

The Board is focusing on the operation of the Company's various businesses. In the first half of 2024, the Board organized its directors to visit Vietnam and Nantong in person to gain an in-depth understanding of the progress of the Company's operations in these two locations, and at the same time, proactively assessed the progress of other businesses to gain an understanding on the overall operation of the Company, and to provide strong decision-making support for various initiatives.

Facing the continuous decline in overseas markets, the Board and management are collaborating to lead the industrial enterprises in maintaining their efforts in the ever-changing environment and conducting in-depth studies on market demands and trends. This aims to actively expand domestic and overseas markets, sustaining current markets while exploring new ones to address intense industry competition. Concurrently, the industrial enterprises continues to optimize business, market, and product structures to meet market demand and fulfill orders' requirements, and enhance quality and drive cost reductions through scientific research collaboration with the Intelligent Research Institute. During the period, the hi-tech manufacturing business achieved satisfactory results with a significant increase in operating profit.

In the first half of the year, Shenzhen Aerospace Technology Investment Company Limited* ("Aerospace Technology") maintained a certain level of rental occupancy through continuous optimization of leasing strategies, despite the ongoing challenge of increasing office space supply in Shenzhen. In addition, the Board is highly concerned about the litigations initiated by Aerospace Technology against Shenzhen Hangke Houhai Investment Development Company Limited* ("Hangke Houhai") and Shenzhen Huabaorun Management Limited* ("Huabaorun") for rent arrears, and is keeping abreast of the progress of the litigations in due course. The Company will proactively advocate and enforce its right in various litigations in accordance with applicable laws.

The three new construction projects, namely the new capacity construction of Nantong Hong Yuen Circuit Technology Co., Limited (“Nantong Hong Yuen”), the Plant Construction Project Phase 5 of Huizhou Industrial Garden and the industry development of intelligent power modules (IPM), are progressing in an orderly manner. The civil construction of the project of the integrated circuit packaging carrier plant of Nantong Hong Yuen has been completed at the end of May 2024. The IPM project in intelligent power modules is focusing on the customer end, continuously enhancing product development and technological research capabilities, with expectations to gradually increase production capacity. The Plant Construction Project Phase 5 of Huizhou Industrial Garden has been completed and put into operation to meet the production expansion needs of the Company’s subsidiaries.

In the first half of the year, the Company continued to enhance internal control efficiency, promote information technology construction management, improve compliance management, and implement energy conservation and environmental protection measures. The Company will continue to cultivate and introduce more high-quality talents to lay a solid foundation for future development.

PROSPECTS

Looking ahead to the second half of 2024, influenced by factors such as trade wars and regional conflicts, major economies are leaning towards protectionism. Supply chains and production lines are expected to continue undergoing regional shifts. The Board will closely monitor the impact on the Company, especially on the development of core businesses, and will continue to lead all employees in unity, with firm confidence and determination, to vigorously promote the high-quality development of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS PERFORMANCE

The unaudited revenue of the Company and the subsidiaries for the six months ended 30 June 2024 was HK\$1,824,756,000, representing an increase of 5.26% as compared with that of HK\$1,733,548,000 for the same period in 2023. Net loss for the period was HK\$59,093,000, as compared to the net profit of HK\$55,065,000 for the same period of 2023, representing a turnaround from profit to loss for the period.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company for the period was HK\$28,578,000, as compared with the profit attributable to owners of the Company of HK\$45,506,000 for the same period of 2023.

As a result of the continued downturn in the property market, the valuation of investment properties declined, resulting in a loss of HK\$200,457,000 arising from the changes in fair value of investment properties during the period, causing a turnaround from profit to loss in this period.

Based on the issued share capital of 3,085,022,000 shares during the period, the basic loss per share was HK0.93 cents, as compared with the basic earnings per share of HK1.48 cents for the same period of 2023.

DIVIDENDS

The Board resolved not to distribute an interim dividend for 2024 (no interim dividend was distributed in 2023).

The Board did not recommend the payment of final dividend for 2023.

RESULTS OF CORE BUSINESSES

The Company and the subsidiaries are principally engaged in the research and development, design, professional production, sales and services of the hi-tech manufacturing business such as plastic products, electronic products, power products and semiconductor products, as well as the property management business of Shenzhen Aerospace Science & Technology Plaza.

The Company promotes various businesses in accordance with the outline of the five-year plan, focuses on the development of advanced manufacturing, modern services industries and hi-tech industries, fully utilizing the resources from both overseas and China markets, and comprehensively deepening reform to achieve high-quality development of the Company.

The hi-tech manufacturing business is the major cornerstone of the Company's revenue and the principal source of the Company's profit and cash flow, while the property management business of Shenzhen Aerospace Science & Technology Plaza also generates rental and management fee income for the Company. The Company will continue to identify and develop new business opportunities, and thereby creating value for shareholders.

Hi-tech Manufacturing

The revenue of the hi-tech manufacturing business for the six months ended 30 June 2024 was HK\$1,725,355,000, representing an increase of 5.77% as compared with the same period of 2023. The segment profit was HK\$59,688,000, representing an increase of 64.88% as compared with the same period of 2023. The revenues and results of the hi-tech manufacturing business are shown below:

| | Turnover (HK\$'000) | | | Operating Profit (HK\$'000) | | |
|--------------------------------|-------------------------|-------------------------|----------------|-----------------------------|-----------------------|----------------|
| | First half of 2024 | First half of 2023 | Changes (%) | First half of 2024 | First half of 2023 | Changes (%) |
| Plastic Products | 794,838 | 661,837 | 20.10 | 36,832 | 13,236 | 178.27 |
| Printed Circuit Boards | 456,418 | 421,555 | 8.27 | 19,335 | 4,482 | 331.39 |
| Intelligent Chargers | 137,580 | 114,050 | 20.63 | (1,872) | (7,645) | (75.51) |
| Liquid Crystal Display | 323,594 | 425,772 | (24.00) | 29,015 | 44,043 | (34.12) |
| Intelligent Power Modules | 7,764 | 3,316 | 134.14 | (13,676) | (19,018) | (28.09) |
| Industrial Property Investment | 5,161 | 4,745 | 8.77 | (9,946) | 1,103 | N/A |
| Total | <u>1,725,355</u> | <u>1,631,275</u> | 5.77 | <u>59,688</u> | <u>36,201</u> | 64.88 |

In the first half of 2024, the global economy continued to recover, but with weakening momentum. Overall market demand was insufficient, prices were declining, and destocking by enterprises persisted. Faced with intense market competition and declining marginal profits, industrial enterprises were actively diversifying their strategies to maintain revenue and profit.

During the period, the plastic products and PCB businesses recorded a doubling of profits, driving an overall increase in operational profits for the hi-tech manufacturing business. Plastic products actively expanded into domestic and overseas markets, and successfully introduced several new overseas customers on the basis of consolidating the existing customers. Among these, the revenue from Chee Yuen in Vietnam recorded strong growth, leading to a progressively clearer operational outlook. Production value continued to rise significantly and achieved a substantial turnaround from loss and a significant increase in the overall operating profit of the plastics products. The overall sales of the PCB business remained stable, with a revenue growth of approximately 8.27% as compared to the same period last year, mainly driven by strong performance in the optoelectronic module and domestic substrates businesses. In addition, benefiting from increase in exchange gains during the period, operating profit increased by 331.39% compared to the same period last year. The intelligent chargers business achieved a breakthrough in bringing in new customer, offsetting the impact of reduction in sales orders from major clients. At the same time, the overall gross profit improved, leading to a reduction in losses. The liquid crystal display business suffered from a substantial decline in revenue and profit due to weak market demand, ongoing

destocking and significant sales order reduction by major customer groups, coupled with intense supply competition, resulting in a sharp decline in revenue and profits. The revenue of intelligent power module (IPM) doubled, and in order to meet customer demands, continuous efforts were made to increase investment in product development and technological research, which to some extent has impeded the realization of profit. Revenue from industrial property investments increased by 8.77% compared to the same period last year. Among these, the Plant Construction Project Phase 5 of Huizhou Industrial Garden has been completed and put into operation, supplementing the production facilities of the Company and its subsidiaries. However, a loss of HK\$11,000,000 due to the changes in fair value of the investment properties, resulting in a loss for the period.

On 23 January 2024, Nantong Hong Yuen entered into the Factory Fitting-out Work Contract with the IT Electronics Eleventh Design & Research Institute Scientific and Technological Engineering Corporation Limited (“EDRI”) (信息產業電子第十一設計研究院科技工程股份有限公司) in relation to the Plants Construction Project Phase I, pursuant to which, EDRI will provide certain secondary mechanical and electrical engineering and fitting-out work services to Nantong Hong Yuen at a consideration of RMB83,984,000.05 (equivalent to approximately HK\$92,344,000). For details, please refer to the announcement of the Company dated 23 January 2024. The construction of the Plant Phase I of Nantong Hong Yuen has completed the civil engineering work at the end of May and is expected to commence trial production by the end of the year. For details, please refer to the announcements and circular of the Company dated 12 May, 25 May and 21 June 2023. In addition, regarding the new capacity construction, Nantong Hong Yuen is currently studying the financing needs.

Furthermore, the Intelligent Research Institute continues to assist various industrial enterprises in the R&D and upgrading of hi-tech products and the transformation of manufacturing capabilities. It is actively researching automation systems to help drive the intelligent upgrade and transformation of factories. In particular, the industrialization process of 5G millimeter-wave filter cores is progressing steadily.

Looking ahead to the second half of 2024, the business environment remains challenging. All hi-tech manufacturing businesses will actively expand its customer base, explore new business and enhance risk management, continue to optimize the yield rate, improve quality while reducing costs. At the same time, efforts will be made to increase the level of production automation, maintain production scale and capacity, focus on energy conservation and emission reduction, strictly control energy consumption, recruit professional talents, continue technological transformation and research and development, take innovation as the primary driving force, optimize the industrial structure to adapt to the ever-changing market environment, expecting to expand profitability.

Shenzhen Aerospace Science & Technology Plaza

During the first half of 2024, the respective litigations of Aerospace Technology with Hangke Houhai and Huabaorun have been heard separately. Except for the Fifth Hangke Houhai Litigation, the remaining litigations have received first instance judgments. For parts of the claims that were not supported by the first instance judgment, Aerospace Technology and Aerospace Property Management have filed appeals. Further rulings are pending from the court, of which the judgment of the Fourth Hangke Houhai Litigation was given in favour of Aerospace Technology (for details, please refer to the announcement of the Company dated 25 August 2023). Hangke Houhai subsequently appealed and the court has dismissed the appeal and upheld the original judgment. For details, please refer to the announcements of the Company dated 12 May 2022, 14 June 2022, 5 July 2022, 30 September 2022, 7 November 2022, 14 February 2023, 24 March 2023, 11 July 2023, 14 July 2023, 25 August 2023, 14 September 2023, 18 March 2024, 26 March 2024 and 7 June 2024, respectively. The Company will proactively advocate and enforce its rights in various litigations in accordance with applicable laws.

With the implementation of self-managed operation model by Aerospace Technology and active expansion of its tenant base, as at 30 June 2024, the occupancy rates of Shenzhen Aerospace Science & Technology Plaza were 66.45% for the commercial portion and 50.87% for the office portion, respectively (31 December 2023: 72.90% and 41.00%).

During the period, Aerospace Technology and its wholly-owned subsidiary, Shenzhen Aerospace Technology Property Management Company Limited* (深圳市航天高科物業管理有限公司) (“Aerospace Property Management”), which is responsible for the property management of Shenzhen Aerospace Science & Technology Plaza, recorded a total revenue of HK\$95,585,000 (first half of 2023: HK\$99,260,000) and a segment loss of HK\$127,053,000 (first half of 2023: a segment profit of HK\$48,800,000), mainly attributable to loss on fair value changes of investment properties of HK\$185,338,000.

As at 30 June 2024, Shenzhen Aerospace Science & Technology Plaza was valued at approximately RMB7,614,000,000 (31 December 2023: RMB7,784,000,000).

In the second half of 2024, Aerospace Technology will continue to put efforts on self-managed operation and introduce large-scale enterprises as tenant and will proactively advocate and enforce its rights in various litigations in accordance with applicable laws.

Other Business

RAYITEK Hi-Tech Film Company Ltd., Shenzhen (深圳瑞華泰薄膜科技股份有限公司) (“Rayitek”), an associate company in which the Company indirectly holds 23.38% interest through its direct wholly-owned subsidiary, CASIL New Century Technology Development (Shenzhen) Company Limited* (航科新世紀科技發展(深圳)有限公司), did not declare any dividends during the period (2023: RMB0.7 per 10 shares, dividends totaling approximately RMB2,945,800 were distributed to the Company.)

ASSETS

| <i>(HK\$'000)</i> | 30 June 2024 | 31 December 2023 | Changes (%) |
|--------------------|--------------------------|---------------------|----------------|
| Non-Current Assets | 11,058,616 | 11,319,869 | -2.31 |
| Current Assets | 3,134,498 | 3,263,415 | -3.95 |
| Total Assets | <u>14,193,114</u> | <u>14,583,284</u> | <u>-2.68</u> |

The decrease in non-current assets was mainly due to the decrease in valuation of investment properties, as well as the decrease in Hong Kong dollar equivalent arising from the conversion of assets denominated in RMB at the balance sheet date, while the decrease in current assets was due to the decrease in bank deposits.

The equity attributable to owners of the Company was HK\$7,229,548,000, representing a decrease of 2.45% as compared with that of HK\$7,411,477,000 as at the year end of 2023.

The equity attributable to owners of the Company for the period decreased as compared with the end of last year, mainly due to a decrease in exchange reserves caused by the depreciation of the RMB exchange rate during the period. Based on the issued share capital of 3,085,022,000 shares during the period, the net assets per share attributable to owners of the Company was HK\$2.34.

As at 30 June 2024, a cash deposit of HK\$80,508,000 and bills receivable of HK\$41,443,000 of the Company and the subsidiaries had been pledged to banks to obtain credit facilities. Property right certificates at an approximate value of RMB1,900,000,000 and RMB171,000,000 of Shenzhen Aerospace Science & Technology Plaza were mortgaged by Aerospace Technology to Aerospace Science & Technology Finance Company Limited* (航天科技財務有限責任公司) and bank respectively so as to obtain a 12-year term loan facility in the amount of RMB1,300,000,000 and a 10-year bank loan in the amount of RMB100,000,000.

LIABILITIES

| <i>(HK\$'000)</i> | 30 June 2024 | 31 December 2023 | Changes (%) |
|-------------------------|-------------------------|---------------------|----------------|
| Non-Current Liabilities | 3,501,222 | 3,684,676 | -4.98 |
| Current Liabilities | 1,479,347 | 1,427,648 | 3.62 |
| Total Liabilities | <u>4,980,569</u> | <u>5,112,324</u> | <u>-2.58</u> |

The decrease in non-current liabilities was mainly due to the partial repayment of related party loans during the period, the decrease in deferred tax, and the decrease in the conversion of liabilities denominated in Renminbi into Hong Kong dollar equivalent at the balance sheet date; the increase in current liabilities was mainly due to the increase in trade payables.

As at 30 June 2024, the Company and the subsidiaries had bank borrowings and other borrowings amounting to HK\$128,894,000 and HK\$1,206,209,000, respectively.

OPERATING EXPENSES

The administrative expenses of the Company and the subsidiaries in the first half of 2024 were HK\$198,333,000, which was approximately the same as the corresponding period in 2023. The finance costs amounted to HK\$26,512,000, representing a decrease of 19.57% as compared with the same period of last year.

CONTINGENT LIABILITIES

In 2022, Aerospace Technology, as the defendant, was claimed by its major tenant, Hangke Houhai, for an aggregate amount of approximately RMB119,000,000 related to its past operating losses (the “Second Hangke Houhai Litigation”). In July 2023, the court ruled against Aerospace Technology in the Second Hangke Houhai Litigation and Aerospace Technology has appealed the first-instance judgments. The appeal have been heard and is pending judgment.

The Company has sought legal opinion on the appeal and has appealed to the court regarding the judgment in the Hangke Houhai Litigation which has been ruled down by the court. After considering the advice from the legal advisor of Aerospace Technology, the Directors of the Company believe that the appeal could be highly probably to succeed, and in addition, the claims under the First and Second Hangke Houhai Litigations could be settled at a net basis and therefore, it is not probable that an outflow of resources embodying economic benefits will be required to settle the claims as the court ruled down in favor of the Company in the first judgement of First Hangke Houhai Litigation. Therefore, the litigations are disclosed as contingent liabilities of the Company and no provision needs to be made.

Save for the disclosure above, the Company and the subsidiaries did not have any other material contingent liabilities.

FINANCIAL RATIOS

| | First half of 2024 | First half of 2023 |
|--------------------------|-------------------------------|-----------------------|
| Gross Profit Margin | 20.18% | 20.13% |
| Return on Net Assets | -0.64% | 0.58% |
| | 30 June 2024 | 31 December 2023 |
| Assets-Liabilities Ratio | 35.09% | 35.06% |
| Current Ratio | 2.12 | 2.29 |
| Quick Ratio | 1.76 | 1.95 |

LIQUIDITY

The source of funds of the Company and the subsidiaries mainly relies on internal resources and banking and financial institution facilities. As at 30 June 2024, the cash and cash equivalents and short-term bank deposits amounted to HK\$1,395,981,000, the majority of which were in Hong Kong Dollars and Renminbi.

CAPITAL EXPENDITURE

As at 30 June 2024, the capital commitments of the Company and the relevant subsidiaries contracted for but not provided in the condensed consolidated financial statements was approximately HK\$534,099,000, mainly the capital expenditure for the acquisition of fixed assets.

FINANCIAL RISKS

The Company and the subsidiaries review the cash flow and financial position periodically and do not presently engage into any financial instruments or derivatives to hedge the exchange and the interest rate risks.

HUMAN RESOURCES AND REMUNERATION POLICIES

The remuneration policy of the Company and the subsidiaries is based on the employee's qualifications, experience and performance on the job, with reference to the current market situation. The Company and the subsidiaries will continue to upgrade the human resources management skills and strictly implement the performance-based appraisal system, in order to motivate employees to make continuous improvement in their individual performance and contributions to the Company.

As at 30 June 2024, the Company and the subsidiaries had a total of approximately 7,100 employees based in the mainland, Hong Kong and Vietnam.

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

There had been no purchase, sale or redemption of the Company's listed securities by the Company and the subsidiaries during the first half of 2024.

INTERIM DIVIDEND

The Board resolved not to declare an interim dividend for 2024 (2023 interim dividend: Nil).

CORPORATE GOVERNANCE

For the six months ended 30 June 2024, the Company complied throughout the period with the provisions of the *Corporate Governance Code* as set out in Appendix C1 of the Listing Rules.

LITIGATION

As at 30 June 2024, saved as disclosed in the announcements of the Company dated 18 March 2024, 26 March 2024 and 7 June 2024 in relation to the litigation judgments and progress of the litigations between Aerospace Technology, a 60% indirect owned subsidiary of the Company, and its wholly owned subsidiary, Aerospace Property Management, and Hangke Houhai and Huabaorun, respectively, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and, so far as the Directors were aware of, no litigation or arbitration or claim of material importance was pending or threatened by or against any member of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

The Company has adopted the *Model Code for Securities Transactions by Directors of Listed Issuers* as set out in Appendix C3 of the Listing Rules and the Company's *The Code and Enforcement Details for Securities Transactions by Directors* as the required standard for the Directors of the Company to trade the securities of the Company. Having made specific enquiry to all the Directors of the Company and in accordance with information provided, all the Directors have complied with the required standard set out in the Model Code during the first half of 2024.

As at 30 June 2024, none of the directors, chief executives or their associates have any beneficial or non-beneficial interests or short positions in the share capital, warrants and options of the Company or its subsidiaries or any of its associated corporations which is required to be recorded in the Register of Directors' Interests pursuant to Part XV of the Securities & Futures Ordinance or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited pursuant to the *Model Code for Securities Transactions by Directors of Listed Issuers*.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company comprises two Independent Non-Executive Directors, including Mr Luo Zhenbang (Chairman), Ms Chen Jingru and a Non-Executive Director, Mr Peng Jianguo. The major responsibilities of the Audit Committee include serving as a focal point for communication between the Directors and external auditors in reviewing the Company's financial information as well as overseeing the Company's financial reporting system, risk management and internal control procedures.

The Audit Committee of the Company has reviewed, discussed and approved the unaudited condensed consolidated financial statements for the six months ended 30 June 2024 that have been reviewed by the auditor, Deloitte Touche Tohmatsu.

STATEMENT OF COMPLIANCE

The financial information relating to the year ended 31 December 2023 that is included in the 2024 Interim Financial Statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

PUBLICATION OF INTERIM REPORT

The interim report of the Company will be published on the website of the Company (www.casil-group.com) and the HKExnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and dispatched to the shareholders of the Company in due course.

APPRECIATION

Mr Wang Xiaojun resigned as an Independent Non-Executive Director of the Company on 26 March 2024 due to his intention to devote more time on his own business, with Ms Xue Lan assuming his responsibilities; Mr Zhou Limin resigned as the Chairman and Executive Director of the Company on 23 July 2024 due to his re-designation as the Chief Specialist of the Company. On behalf of the Board, I would like to express my sincere respect and gratitude to Mr Zhou Limin and Mr Wang Xiaojun for their contributions to the Company during their tenure, and warmly welcome Ms Xue Lan to join the Board of the Company.

On behalf of the Board, I express my profound gratitude to all the staff for their dedication and loyal services. Grateful thanks are also due to shareholders, bankers, business partners and members of the community who have supported the Company's development all along.

By order of the Board
Wang Hui
Chairman & Executive Director

Hong Kong, 27 August 2024

As at the date of this announcement, the Board of Directors of the Company comprises:

| <i>Executive Directors</i> | <i>Non-Executive Directors</i> | <i>Independent Non-Executive Directors</i> |
|--------------------------------------|---------------------------------------|---|
| Mr Wang Hui (<i>Chairman</i>) | Mr Hua Chongzhi | Mr Luo Zhenbang |
| Mr Song Shuqing (<i>President</i>) | Mr Teng Fangqian | Ms Chen Jingru |
| | Mr Peng Jianguo | Ms Xue Lan |

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