Continental Aerospace Technologies Holding Limited
大陸航空科技控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 232)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "Board") of directors (the "Directors") of Continental Aerospace Technologies Holding Limited (the "Company") announces the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2024, together with the comparative figures for 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	**2024** **HK$'000**	2023 *HK$'000*
REVENUE	*4*	**1,805,382**	1,830,186
Cost of sales		**(1,328,679)**	(1,262,612)
Gross profit		**476,703**	567,574
Other income and gains, net	*4*	**26,683**	43,554
Impairment losses under expected credit loss model, net of reversal		**(2,731)**	(427)
Selling and distribution expenses		**(69,557)**	(69,107)
Administrative expenses		**(296,300)**	(311,185)
Research and development costs		**(51,317)**	(53,611)
Other operating income/(expenses)		**2,185**	(68,469)
Finance costs		**(13,200)**	(13,514)
Share of loss of an associate		**(4,370)**	(4,112)

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

	Notes	**2024** **HK$'000**	2023 *HK$'000*
PROFIT BEFORE TAX	*5*	**68,096**	90,703
Income tax credit/(expense)	*6*	**(12,086)**	71,506
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**56,010**	162,209
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*7*	**HK0.60 cent**	HK1.74 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024	2023
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**56,010**	162,209
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(32,672)**	13,771
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains on defined benefit plans, net of tax	**6,855**	590
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**(25,817)**	14,361
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, ATTRIBUTABLE TO OWNERS OF THE COMPANY	**30,193**	176,570

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	**2024** **HK$'000**	2023 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**612,643**	617,935
Right-of-use assets		**245,426**	252,384
Goodwill	*8*	**13,080**	13,841
Other intangible assets		**1,270,538**	1,340,863
Investment in an associate		**15,501**	10,029
Equity investments designated at fair value through other comprehensive income		**2,331**	2,343
Defined benefit plan assets		**8,966**	–
Total non-current assets		**2,168,485**	2,237,395
CURRENT ASSETS			
Inventories		**786,250**	645,985
Loan to an associate		**–**	7,158
Trade receivables	*9*	**123,776**	129,444
Contract assets		**8,853**	24,187
Prepayments, deposits and other receivables		**51,643**	52,658
Amount due from a fellow subsidiary	*11*	**15,830**	6,957
Time deposits		**555,940**	628,863
Cash and cash equivalents		**243,518**	246,417
Total current assets		**1,785,810**	1,741,669
CURRENT LIABILITIES			
Trade payables	*10*	**131,868**	140,790
Other payables, accruals and provisions		**249,119**	272,767
Amount due to a fellow subsidiary		**–**	272
Amount due to an intermediate holding company		**24,639**	25,117
Lease liabilities		**7,930**	7,149
Contract liabilities		**24,247**	18,943
Tax payable		**40,857**	41,821
Total current liabilities		**478,660**	506,859
NET CURRENT ASSETS		**1,307,150**	1,234,810
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,475,635**	3,472,205

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

	2024	2023
	HK$'000	*HK$'000*
NON-CURRENT LIABILITIES		
Lease liabilities	**280,661**	282,199
Defined benefit plan obligations	**4,525**	2,927
Contract liabilities	**86,790**	65,369
Provisions	**40,920**	37,743
Deferred tax liabilities	**83,602**	88,506
Total non-current liabilities	**496,498**	476,744
Net assets	**2,979,137**	2,995,461
EQUITY		
Share capital	**930,337**	930,337
Reserves	**2,048,800**	2,065,124
Total equity	**2,979,137**	2,995,461

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income which have been measured at fair value. The consolidated financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year's 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* (the "2020 Amendments")
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised HKFRSs are described below:

(a) Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of HKFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to HKAS 7 and HKFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

3. OPERATING SEGMENT

For management purposes, the Group has only one reportable operating segment, of which the Group engages in the design, development and production of general aviation aircraft piston engines and spare parts as well as the provision of aftermarket services and support for piston engines. Accordingly, no segment information is presented.

Geographical information

(a) Revenue from external customers

	2024	2023
	HK$'000	*HK$'000*
USA	**1,400,337**	1,473,262
Europe	**279,685**	237,151
Others	**125,360**	119,773
	1,805,382	1,830,186

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

(b) Non-current assets

	2024	2023
	HK$'000	*HK$'000*
USA	**1,558,021**	1,602,068
Europe	**480,253**	505,879
Hong Kong	**112,379**	117,076
Mainland China	**15,501**	10,029
	2,166,154	2,235,052

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

Information about major customers

Revenue from each of the major customers, which individually amounted to 10% or more of the Group's revenue, is set out below:

	2024	2023
	HK$'000	*HK$'000*
Customer A	**450,650**	552,471
Customer B	**371,248**	340,209
Customer C	**278,758**	322,694

4. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of revenue is as follows:

	2024	2023
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sales of aircraft engines and spare parts transferred at a point in time	**1,710,658**	1,751,844
Rendering of services transferred over time	**94,724**	78,342
	1,805,382	1,830,186

An analysis of other income and gains, net is as follows:

	2024	2023
	HK$'000	*HK$'000*
Other income		
Bank interest income	**24,557**	28,052
Distributorship fee income	**780**	783
Interest income on loan to an associate	**8**	373
Management fee income	**1,676**	1,753
Royalty income	**6,361**	4,807
Others	**1,515**	743
Total other income	**34,897**	36,511
Other gains/(losses), net		
Gain on deemed disposal of partial interest in an associate	**10,097**	–
Foreign exchange differences, net	**(18,322)**	6,968
Others	**11**	75
Total other gains/(losses), net	**(8,214)**	7,043
Total	**26,683**	43,554

5. PROFIT BEFORE TAX

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

	2024	2023
	HK$'000	*HK$'000*
Cost of inventories sold*	**1,274,542**	1,205,791
Cost of services provided*	**54,137**	56,821
Write-down/(reversal of write-down) of inventories**	**20,478**	(17,482)
Depreciation of property, plant and equipment	**42,229**	36,286
Depreciation of right-of-use assets	**14,157**	14,472
Amortisation of other intangible assets***	**85,869**	86,669
Employee benefit expense (including directors' remuneration)		
Wages and salaries	**263,077**	241,520
Retirement benefits and contributions	**19,069**	16,980
Defined benefit schemes	**2,120**	2,101
	284,266	260,601
Provision/(reversal of provision) for product service bulletin****	**(2,180)**	49,720
Loss/(gain) on disposal of property, plant and equipment*****	**(5)**	18,749
Impairment losses under expected credit loss model, net of reversal:		
– Trade receivables	**150**	427
– Amount due from a fellow subsidiary	**2,581**	–
	2,731	427

* *Included in "cost of sales" in the consolidated statement of profit or loss.*

** *Included in "cost of inventories sold" above.*

*** *Included in "cost of sales", "selling and distribution expenses", "administrative expenses" and "research and development costs" in the consolidated statement of profit or loss.*

**** *In the prior year, total costs of HK$49,720,000 were provided for the inspection and repair of certain models of aircraft piston engines in connection with a product service bulletin. During the current year, the Group has reassessed the provision and a reversal of HK$2,180,000 was credited to "other operating income/(expenses)" in the consolidated statement of profit or loss.*

***** *Included in "other operating income/(expenses)" in the consolidated statement of profit or loss.*

6. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2023: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	2024	2023
	HK$'000	*HK$'000*
Current – Elsewhere:		
Charge for the year	**12,281**	12,250
Overprovision in prior years	**(664)**	(730)
Deferred tax *(Note)*	**469**	(83,026)
Income tax expense/(credit)	**12,086**	(71,506)

Note: During the year ended 31 December 2023, Continental Aerospace Technologies Inc., the Company's subsidiary in the United States, began to generate taxable profits. It was also expected that Continental Aerospace Technologies Inc. would generate future taxable profits to utilise some of its tax losses. Therefore, the Group recognised deferred tax credit of HK$81,255,000 in profit or loss to the extent that the tax losses would be utilised.

7. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares of 9,303,374,783 (2023: 9,303,374,783) in issue during the year.

The calculation of basic and diluted earnings per share is based on:

	2024	2023
	HK$'000	*HK$'000*
Profit attributable to ordinary equity holders of the Company	**56,010**	162,209

	Number of shares	
	2024	2023
Weighted average number of ordinary shares in issue during the year	**9,303,374,783**	9,303,374,783

The Group had no potentially dilutive ordinary shares in issue during the year ended 31 December 2024 (2023: Nil).

8. GOODWILL

The Group's goodwill acquired through a business combination has been allocated to the following cash-generating units ("CGU") for impairment testing:

- General aviation aircraft piston engine business in USA CGU ("USA CGU"); and
- General aviation aircraft piston engine business in Germany CGU ("Germany CGU")

As at 31 December 2024 and 2023, the entire amount of goodwill was related to the Germany CGU. The goodwill related to USA CGU has been fully impaired in prior years.

9. TRADE RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**130,540**	136,103
Impairment losses	**(6,764)**	(6,659)
	123,776	129,444

The Group's trading terms with its customers are mainly on credit, where partial advanced payment is required for certain customers. The credit period is generally 30 days and each customer has been assigned a specified credit limit by the Group.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. As at 31 December 2024, the Group had certain concentrations of credit risk as 26% (2023: 40%) of the Group's trade receivables were due from one of the Group's key customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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:

	2024	2023
	HK$'000	*HK$'000*
Within 1 month	**89,398**	99,239
1 to 2 months	**20,916**	21,786
2 to 3 months	**8,993**	3,415
Over 3 months	**4,469**	5,004
	123,776	129,444

10. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	HK$'000	*HK$'000*
Within 1 month	**79,362**	86,981
1 to 2 months	**47,442**	44,596
2 to 3 months	**4,434**	7,001
Over 3 months	**630**	2,212
	131,868	140,790

The trade payables are non-interest bearing and normally settled on 45-day terms.

11. AMOUNT DUE FROM A FELLOW SUBSIDIARY

An aging analysis of the amount due from a fellow subsidiary for trade receivables balance as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	HK$'000	*HK$'000*
Within 1 month	**15,830**	6,506
1 to 2 months	**–**	451
	15,830	6,957

12. DIVIDEND

	2024	2023
	HK$'000	*HK$'000*
Proposed final – HK0.5 cent per ordinary share (2023: HK0.5 cent)	**46,517**	46,517

The proposed final dividend for the year ended 31 December 2024 is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

DIVIDEND

For the year ended 31 December 2024, the Board has resolved to recommend the payment of a final dividend of HK0.5 cent (year ended 31 December 2023: HK0.5 cent) per ordinary share to the shareholders (which will be subject to approval by the shareholders at the forthcoming annual general meeting for the year ended 31 December 2024).

OVERALL REVIEW

In 2024, the Group recorded a revenue of HK$1,805,382,000 (2023: HK$1,830,186,000) and a gross profit of HK$476,703,000 (2023: HK$567,574,000). The Group recorded a profit for the year of HK$56,010,000 (2023: HK$162,209,000) which is mainly due to challenges faced by the subsidiary in the United States ("USA subsidiary") during the implementation of the new NetSuite enterprise resource planning system ("ERP system"), which impacted production and deliveries in the first half of the year. In addition, the continued increase in global production costs led to a year-on-year decrease in the Group's annual gross profit.

With the completion of the ERP system adaptation and the full implementation of the Blue Marlin project at the USA subsidiary, the Group's production delivery capacity was restored in the second half of the year. The order deliveries for business in the United States in the second half of the year exceeded those of the same period last year. Looking forward, the Board believes that the order volumes of the Group are sufficient, and the improvement in the production efficiency will strengthen overall operational quality and maintain stable growth in business results.

Basic earnings per share for the year ended 31 December 2024 amounted to HK0.60 cent (2023: HK1.74 cents). The return on equity for the year ended 31 December 2024, calculated on the basis of profit attributable to owners of the Company as a percentage of equity attributable to owners of the Company, was 1.9% (2023: 5.4%).

BUSINESS REVIEW

During the year, the Group has only one reportable operating segment, the general aviation aircraft piston engine business, which engages in the design, development and production of general aviation aircraft piston engines and spare parts as well as the provision of aftermarket services and support for piston engines.

At the start of 2024, many economists predicted a significant economic slowdown, with expectations of either a "soft landing" or a potential recession. Now, with the benefit of hindsight, the global economy endured a year of uncertainty and transformative shifts including persistent energy market volatility and expanded capabilities of artificial intelligence leading to unpredictable and dynamic global economic trends. Despite these challenges, through strategic adaptability and operational agility, the Group successfully navigated macroeconomic and industry-specific challenges and positioned itself for continued growth and innovation.

Despite global economic uncertainties, the General Aviation ("GA") market has shown strong growth in aircraft shipments. The General Aviation Manufacturer's Association's data reflects that nearly all aircraft segments saw increases in shipments in 2024. Total aircraft deliveries were valued at US$31.2 billion, representing a 13.3% increase over 2023 with the volume of total piston airplane shipped reaching 1,772, which represents a 4.2% increase over 2023.

During the year 2024, the Group has accomplished the following key achievements:

- **New ERP System**

  In 2024, the Group successfully implemented a new ERP system in the USA subsidiary, marking a significant milestone in streamlining operations and enhancing efficiency. As with most ERP system transitions, the implementation presented complex challenges, including system integration, data migration, and process alignment. Initial challenges resulted in temporary slowdowns in key operational areas, including supply chain, inventory management, and daily workflows, impacting deliveries, and ultimately revenue and profits during the first half of the year.

  Thereafter, the Group persevered through the challenges and obtained alignment between the ERP system and its business processes and infrastructure leading to stabilized operations and improved performance.

- **Manufacturing Automation**

  Building on the successful completion of Blue Marlin project, the USA subsidiary installed two new crankcase machining centers and the Pre-Production Approval Process is now completed. Meanwhile, a subsidiary in Germany installed two computerized numerically controlled milling centers, an optical cam measuring device, a numeric controlled sealing station, a gearbox press, and a new tool measuring and adjusting device to streamline manufacturing processes.

- **Research and Development**

  The Group submitted the helicopter-specific CD-170R engine model certification application to the European Union Aviation Safety Agency ("EASA") with the approval expected by June 2025. This Jet-A piston engine is Full Authority Digital Engine Control ("FADEC")-controlled with a best-in-class power-weight ratio. This engine eliminates the gearbox and includes rotorcraft-specific software mapping, opening opportunities for new segment applications. This significant milestone in the Group's innovation history expands product lines and assists in opening new market segments of the GA industry.

- **Global Supply Chain Network**

  The Group has endured the complexities and challenges of the geopolitical landscape and developed an expanded global supply chain network. This strategic effort promotes the highest standards of quality, while optimizing lead times, and enhancing cost efficiency. By diversifying sourcing strategies, strengthening and adding supplier partnerships, and reinforcing operational resilience, the Group has minimized the impact of supply chain disruptions while supporting sustainable business growth.

- **Training Landmark**

  After Continental Aerospace Technologies Academy™ ("Academy") debuted during the 2024 EAA AirVenture Oshkosh, the Academy has offered multiple levels of aviation maintenance training for both Avgas and Jet-A engines on-site and remotely on multiple continents around the world. The Academy offers a comprehensive curriculum ranging from piston engine theory to more practical hands-on instruction and troubleshooting processes. Courses are designed with two levels of training for each engine type within regulatory guidelines. Eligible participants can earn up to forty credit hours towards the FAA's WINGS Pilot Proficiency, AMT Awards, and/or IA Renewal programs.

There are several application highlights for the products of the Group in the year 2024.

- Cirrus Aircraft commemorated the 10,000th delivery of its successful SR aircraft line and announced the stunning G7 generation of the SR22 and SR22T aircraft, which are powered by the Group's IO-550 and TSIO-550 engines.

- Tecnam Aircraft's P2012 Short Takeoff and Landing aircraft, equipped with the Group's twin GTSIO-520 engines, recently reached a pair of monumental milestones: (1) Cross-Atlantic delivery to the Caribbean Islands; and (2) EASA certification for steep approaches of up to 10°, significantly expanding the aircraft's operability.

- Piper Aircraft recently announced large fleet deals of Archer DX aircraft, utilizing the Group's CD-155 engines, with different customers in Europe and South Asia.

FINANCIAL REVIEW

Goodwill

The Group's goodwill acquired through a business combination in prior years has been allocated to a cash-generating unit in USA ("USA CGU") and a cash-generating unit in Germany ("Germany CGU"). As at 31 December 2024, the entire amount of the goodwill related to the Germany CGU was HK$13,080,000 (2023: HK$13,841,000). The impairment assessment of Germany CGU was performed with the support of Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professionally qualified valuer.

During the year ended 31 December 2024 and 2023, no impairment loss is recognised.

Other intangible assets

Other intangible assets mainly consist of development programs in progress, trademarks, product technology, licence and completed programs, and customer relationships. As at 31 December 2024, the Group's other intangible assets were HK$1,270,538,000 (2023: HK$1,340,863,000).

During the year ended 31 December 2024 and 2023, no impairment loss is recognised.

Investment in an associate

During the year, the Group recorded a share of loss of an associate of HK$4,370,000 (2023: HK$4,112,000), and gain on deemed disposal of partial interest in an associate of HK$10,097,000 (2023: Nil).

Administrative expenses

Administrative expenses consist of salaries and wages, product liability expenses, legal and professional expenses and other general expenses. During the year, the Group recorded administrative expenses of HK$296,300,000 (2023: HK$311,185,000).

LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The Group has consistently maintained sufficient working capital. As at 31 December 2024, the Group had current assets of HK$1,785,810,000 (2023: HK$1,741,669,000), including cash and cash equivalents and time deposits with original maturity over three months in an aggregate of HK$799,458,000 (2023: HK$875,280,000). The Group's current liabilities as at 31 December 2024 were HK$478,660,000 (2023: HK$506,859,000).

As at 31 December 2024, the Group's total equity amounted to HK$2,979,137,000 (2023: HK$2,995,461,000), comprising issued capital of HK$930,337,000 (2023: HK$930,337,000) and reserves of HK$2,048,800,000 (2023: HK$2,065,124,000). The Group's interest-bearing debts included lease liabilities of HK$288,591,000 (2023: HK$289,348,000). The Group's gearing ratio, calculated on the basis of the interest-bearing debts as a percentage of total equity plus the interest-bearing debts, was 8.8% (2023: 8.8%).

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2024 and 2023, there are no assets pledged to secure the Group's bank facilities.

EXPOSURE TO FOREIGN CURRENCY RISK

As most of the Group's business transactions, assets and liabilities are principally denominated in the functional currencies of the operating units, the Group's exposure to foreign currency risk is minimal.

MATERIAL ACQUISITIONS AND DISPOSALS

The Group had no material acquisitions or disposals during the current year.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any significant contingent liabilities (2023: Nil).

ENVIRONMENTAL AND REGULATORY COMPLIANCE

Environmental protection and the effective use of natural resources have gradually become an important concept in modern economic growth. The Group has been keeping track of the major trends in environmental protection around the world and has been making an effort to integrate the concept of environmental protection in its operations. Based on new technology and management approach, the Group strictly controls its environmental impact and resource usage such that cleaner production featuring lower pollution and lower emissions thus sustainable development can be achieved.

The Group strictly complies with all applicable laws and regulations released by the relevant authorities which are material to the Group. Throughout the year 2024, there was no non-compliance with the relevant laws and regulations that had a significant impact on the Group.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2024, there were 604 (2023: 567) employees in the Group. The employees' wages and salaries amounted to HK$263,077,000 (2023: HK$241,520,000) for the year ended 31 December 2024. The Group recognises the importance of good relationship with employees. The Directors believe that the working environment and benefits offered to employees have contributed to building good staff relations and retention. The Group's remuneration policies are formulated based on the performance of individual employees and market conditions and are reviewed regularly. The Group also provides other staff benefits including medical and life insurance, and grants performance related bonuses to eligible staff based on their performance and contributions to the Group.

OUTLOOK

The Group will focus on the following strategic areas to ensure sustained growth and market leadership:

- **Global Service Network**

  The Group has launched Project Moby, a strategic initiative designed to expand and enhance the company's global service and product support network. This project aims at strengthening support for the Group's aftermarket customers, ensuring that they receive top-tier around-the-clock product support and advanced technological training. The Group is establishing a 24/7 customer support infrastructure to provide immediate assistance via multiple channels including phone, online chat, email, and website. The project aims to ensure faster resolution times with a dedicated team of technical and customer experts.

- **Product Growth**

  The Group is strategically expanding new GA product segments and markets by leveraging innovative technologies and advanced product development. The Group holds several Supplemental Type Certificates ("STCs") that allow the retrofit of Cessna 172, Piper PA28, and Diamond DA40 aircraft, replacing their conventional gasoline engines with the Group's FADEC-controlled Jet-A engines.

  The Group continues to offer a diverse range of fuel-injected Prime IO-370 engine models, delivering 180 to 195 horsepower to meet the evolving needs of the GA market. Prime IO-370-DA3A2B serves as a drop-in replacement STC for select Cessna 172 R and S models. Additionally, this engine is available for other STC applications, supporting various Cessna 170 and 172 aircraft installations, enhancing horsepower output and enabling constant-speed propeller operation for improved performance over the Group's competition. Looking ahead, the Group remains committed to developing innovative technologies to extend cylinder life and enhance engine reliability. As part of its 2025 strategic initiatives, the Group is focusing on expanding Prime and Titan engine production to meet growing demand while maintaining the highest industry standards of quality and performance.

- **World-Class Manufacturing Advancements**

  The Group has implemented and will continue advancing toward a World-Class Manufacturing ("WCM") system. With dedicated resources and a commitment to operational excellence, the Group continuously strengthens its processes by fostering cross functional collaboration to drive optimization, innovation, and efficiency.

The Group's unwavering commitment to engineering excellence, quality manufacturing, and superior customer support will serve as the foundation for sustained growth. By leveraging WCM principles, expanding its global service network, and enhancing product offerings, the Group has improved its long-term competitiveness and status as an industry leader. With an ongoing focus on driving efficiency, reducing costs, and maintaining the highest standards of safety and reliability, the Group remains dedicated to delivering cutting-edge solutions to meet the needs of its global customer base. These efforts will propel the Group forward as the industry leader in propulsion systems and a trusted general aviation partner.

CORPORATE GOVERNANCE

The Company is committed to maintaining good standards of corporate governance practices by emphasising transparency, accountability and responsibility to its shareholders.

For the year ended 31 December 2024, the Company applied the principles of, and complied with all the code provisions and, where applicable, the recommended best practices of the Corporate Governance Code as set out in Part 2 of Appendix C1 of the Listing Rules.

The Company will periodically review and improve its corporate governance practices with reference to the latest development of corporate governance.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2024.

CHANGES OF DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

The changes in Directors' information as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below.

Mr. Li Ka Fai, David has been appointed as a member of each of the nomination committee and remuneration committee of Wai Yuen Tong Medicine Holdings Limited (stock code: 00897) on 1 November 2024, the shares of which are listed on the Stock Exchange.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as the Company's code of conduct regarding securities transactions by the Directors. Having made specific enquiry, all Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2024.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the draft consolidated financial statements of the Group for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on the preliminary announcement.

REVIEW BY AUDIT COMMITTEE

The annual results for the year ended 31 December 2024 of the Group have been reviewed by the audit committee of the Company.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed, there were no significant events after 31 December 2024 and up to the date of this announcement.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 27 May 2025 to Friday, 30 May 2025, both days inclusive, during which period no transfer of shares will be registered, in order to determine the entitlement to vote and attend at the forthcoming annual general meeting of the Company to be held on 30 May 2025 ("AGM"). In order to be entitled to vote and attend at the AGM, unregistered holders of shares of the Company should ensure that all transfers of shares accompanied by the relevant share certificates and properly completed transfer forms must be lodged for registration with the Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong no later than 4:30 p.m. on Monday, 26 May 2025.

PUBLICATION OF THE 2024 RESULTS AND ANNUAL REPORT

This results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the Company's website at www.cath.com.hk. The annual report will be published on the websites of the Company and the Stock Exchange in due course.

APPRECIATION

I would like to take this opportunity to express my appreciation to my fellow Directors and all our staff for their support, hard work and dedication.

By order of the Board of
Continental Aerospace Technologies Holding Limited
Huang Yongfeng
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises Mr. Huang Yongfeng, Mr. Yu Xiaodong, Ms. Jiao Yan, Mr. Zhang Zhibiao and Mr. Li Peiyin as executive Directors; Mr. Chow Wai Kam as non-executive Director; Mr. Chu Yu Lin, David, Mr. Li Ka Fai, David and Mr. Zhang Ping as independent non-executive Directors.