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## 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)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The board (the “Board”) of directors (the “Directors”) of Continental Aerospace Technologies Holding Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023, together with the comparative figures for the corresponding period of last year.

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		<b>Six months ended 30 June</b>	
		<b>2023</b>	2022
		(Unaudited)	(Unaudited)
			(Restated)
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	4	<b>928,696</b>	853,449
Cost of sales		<b>(632,371)</b>	(614,317)
Gross profit		<b>296,325</b>	239,132
Other income and gains		<b>16,449</b>	13,661
Selling and distribution expenses		<b>(33,518)</b>	(27,610)
Administrative expenses		<b>(152,938)</b>	(145,567)
Research and development costs		<b>(27,522)</b>	(20,133)
Other operating expenses		<b>(54,810)</b>	–
Finance costs		<b>(6,623)</b>	(7,081)
Share of loss of an associate		<b>(2,418)</b>	(1,777)
<b>PROFIT BEFORE TAX</b>	5	<b>34,945</b>	50,625
Income tax credit	6	<b>45,535</b>	7,725
<b>PROFIT FOR THE PERIOD, ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>		<b>80,480</b>	58,350
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>			
Basic and diluted	7	<b>HK0.87 cent</b>	HK0.63 cent

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>PROFIT FOR THE PERIOD</b>	<b>80,480</b>	58,350
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<b>3,601</b>	(21,401)
Reclassification of cumulative translation reserve upon disposal of a joint venture	—	7,596
<b>OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>	<b>3,601</b>	(13,805)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	<b>84,081</b>	44,545

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		<b>30 June 2023</b>	31 December 2022
		<b>(Unaudited)</b>	(Audited)
	<i>Notes</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	<i>9</i>	<b>616,517</b>	602,498
Right-of-use assets		<b>256,933</b>	264,010
Goodwill	<i>10</i>	<b>13,479</b>	13,439
Other intangible assets		<b>1,357,868</b>	1,387,327
Investment in an associate		<b>11,900</b>	14,409
Financial assets at fair value through profit or loss		<b>1,950</b>	1,950
Equity investments designated at fair value through other comprehensive income		<b>390</b>	390
Deferred tax assets		–	6,615
		<hr/>	<hr/>
Total non-current assets		<b>2,259,037</b>	2,290,638
<b>CURRENT ASSETS</b>			
Inventories		<b>590,629</b>	522,183
Loans to an associate		<b>7,051</b>	6,937
Trade receivables	<i>11</i>	<b>134,186</b>	96,739
Prepayments, deposits and other receivables		<b>32,641</b>	31,001
Amount due from a fellow subsidiary		<b>36,655</b>	27,598
Time deposits		<b>425,096</b>	245,849
Cash and cash equivalents		<b>424,878</b>	578,903
		<hr/>	<hr/>
Total current assets		<b>1,651,136</b>	1,509,210

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

		<b>30 June 2023</b>	31 December 2022
		<b>(Unaudited)</b>	(Audited)
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	12	<b>149,622</b>	138,233
Other payables and accruals		<b>162,793</b>	131,851
Amount due to a fellow subsidiary		<b>5,616</b>	5,580
Amount due to an intermediate holding company		<b>25,807</b>	25,739
Lease liabilities		<b>7,197</b>	7,398
Contract liabilities		<b>24,678</b>	16,941
Provisions		<b>84,075</b>	50,841
Tax payable		<b>42,214</b>	46,200
		<hr/>	<hr/>
Total current liabilities		<b>502,002</b>	422,783
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>1,149,134</b>	1,086,427
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>3,408,171</b>	3,377,065
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>283,274</b>	286,701
Defined benefit plan obligations		<b>3,826</b>	3,630
Contract liabilities		<b>46,982</b>	36,127
Provisions		<b>55,046</b>	55,825
Deferred tax liabilities		<b>116,071</b>	175,891
		<hr/>	<hr/>
Total non-current liabilities		<b>505,199</b>	558,174
		<hr/>	<hr/>
Net assets		<b>2,902,972</b>	2,818,891
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
Share capital		<b>930,337</b>	930,337
Reserves		<b>1,972,635</b>	1,888,554
		<hr/>	<hr/>
Total equity		<b>2,902,972</b>	2,818,891
		<hr/> <hr/>	<hr/> <hr/>

## 1. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2023 is unaudited and has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). This unaudited interim financial information does not include all the information and disclosures required for a full set of annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

The unaudited interim condensed consolidated financial information has been prepared under the historical cost convention, except for financial assets of fair value through profit or loss and equity investments designated of fair value through other comprehensive income which are measured at fair values, and is 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 accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

Other than as explained below regarding the impact of Amendments to HKAS 12, the adoption of the above new and revised standards has had no significant financial effect on the Group's unaudited interim condensed consolidated financial information.

Amendments to HKAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. The Group is currently assessing its exposure to Pillar Two income taxes.

### 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.

### 4. Revenue

An analysis of the Group's revenue is as follows:

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
<b>Revenue from contracts with customers</b>		
Sales of aircraft engines and spare parts transferred at a point in time	894,629	810,151
Rendering of services transferred over time	34,067	43,298
	<u>928,696</u>	<u>853,449</u>
<b>Disaggregated revenue information – Geographical markets</b>		
USA	747,421	690,834
Europe	112,383	106,583
Others	68,892	56,032
	<u>928,696</u>	<u>853,449</u>

### 5. Profit before tax

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

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000 (Restated)
Cost of inventories sold*	602,272	584,015
Cost of services provided*	30,099	30,302
Write-down of inventories**	3,089	2,547
Depreciation of property, plant and equipment	17,427	16,604
Depreciation of right-of-use assets	7,092	7,032
Amortisation of other intangible assets	43,864	42,170
Gain on disposal of a joint venture***	–	(6,515)
Provision for product recall****	54,810	–

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

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

\*\*\* Included in "other income and gains" in the condensed consolidated statement of profit or loss.

\*\*\*\* During the period, total costs of HK\$54,810,000 (2022: Nil) were provided for the inspection and repair of certain models of aircraft piston engines in connection with a product recall, which were included in "other operating expenses" in the condensed consolidated statement of profit or loss.

## 6. Income tax credit

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2023 as the Group did not generate any assessable profits arising in Hong Kong during the period (2022: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/ jurisdictions in which the Group operates.

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Current – Elsewhere:		
Charge for the period	7,879	5,684
Deferred tax ( <i>note</i> )	<u>(53,414)</u>	<u>(13,409)</u>
	<u><b>(45,535)</b></u>	<u><b>(7,725)</b></u>

*Note:*

During the six months ended 30 June 2023, Continental Aerospace Technologies Inc., a subsidiary in the United States, began to generate taxable profits. It is also expected that Continental Aerospace Technologies Inc. will generate future taxable profits to utilise some of its tax losses. Therefore, the Group has recognised deferred tax credit of HK\$49,920,000 to the extent that the tax losses will 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 period attributable to ordinary equity holders of the Company and the number of ordinary shares in issue during the period.

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
<b>Earnings:</b>		
Profit attributable to ordinary equity holders of the Company	<u><b>80,480</b></u>	<u>58,350</u>
	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
<b>Shares:</b>		
Number of ordinary shares in issue during the period	<u><b>9,303,374,783</b></u>	<u>9,303,374,783</u>

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022.

## 8. Dividend

No dividends were paid, declared or proposed during the six months ended 30 June 2023 (2022: Nil).

## 9. Property, plant and equipment

During the six months ended 30 June 2023, the Group had additions of items of property, plant and equipment of HK\$31,322,000 (six months ended 30 June 2022: HK\$18,389,000).

## 10. Goodwill

The Group's goodwill acquired through 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 30 June 2023 and 31 December 2022, the entire amount of goodwill was related to the Germany CGU. The goodwill related to the USA CGU was fully impaired in prior years.

## 11. Trade receivables

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Trade receivables	<b>142,956</b>	103,114
Impairment losses	<b>(8,770)</b>	(6,375)
	<b><u>134,186</u></b>	<b><u>96,739</u></b>

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 30 June 2023, the Group had certain concentrations of credit risk as 40% (31 December 2022: 35%) 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:

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Within 1 month	<b>105,067</b>	66,918
1 to 2 months	<b>16,587</b>	15,469
2 to 3 months	<b>706</b>	4,041
Over 3 months	<b>11,826</b>	10,311
	<u><b>134,186</b></u>	<u>96,739</u>

## 12. 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:

	<b>30 June 2023 (Unaudited) HK\$'000</b>	31 December 2022 (Audited) HK\$'000
Within 1 month	<b>109,494</b>	114,706
1 to 2 months	<b>17,159</b>	12,861
2 to 3 months	<b>4,108</b>	4,479
Over 3 months	<b>18,861</b>	6,187
	<u><b>149,622</b></u>	<u>138,233</u>

The trade payables are normally settled on 45 days terms.

## 13. Comparative information

Certain comparative financial information has been reclassified in order to conform with the current period's presentation.

## OVERALL REVIEW

For the first half of 2023, the Group recorded a revenue of HK\$928,696,000 (2022: HK\$853,449,000) and a gross profit of HK\$296,325,000 (2022: HK\$239,132,000). The Group recorded a profit for the period of HK\$80,480,000 (2022: HK\$58,350,000), which was mainly because of the general aviation aircraft piston engine business recorded a profit for the period of HK\$78,978,000 (2022: HK\$56,640,000).

Basic and diluted earnings per share amounted to HK ¢ 0.87 (2022: HK ¢ 0.63). The return on equity, calculated on the basis of profit attributable to owners of the Company as a percentage of equity attributable to owners of the Company, was 2.8% (2022: 2.1%).

## BUSINESS REVIEW

During the period, 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.

For the first half of 2023, the general aviation aircraft piston engine business recognised a revenue of HK\$928,696,000 (2022: HK\$853,449,000) and a gross profit of HK\$296,325,000 (2022: HK\$239,132,000), and recorded a profit for the period of HK\$78,978,000 (2022: HK\$56,640,000). The increase in profit was mainly due to the subsidiary in the United States began to generate taxable profits in the period, and therefore the subsidiary has recognised deferred tax credit in relation to some of its tax losses of previous years.

Despite the aggressive monetary policy tightening, global economic activity in developed economies has shown to be more resilient than expected in many sectors. Central banks around the world are proving to be more hawkish than assumed. Global real gross domestic product (“GDP”) is forecasted to grow by 2.7% in 2023, down from 3.3% in 2022.

In the United States, the economy has continued to weather the headwinds of tighter monetary policy, supply chain and labour force shortages. The latest nonfarm payrolls and personal spending indicate that the job market is cooling, and consumers are running out of steam. The customer price data for June 2023 even showed that inflation is beginning to slow down. The core inflation will ease further in the rest of 2023.

In the general aviation world, the General Aviation Manufacturers Association (“GAMA”) reported the number of planes delivered was up year to year with slightly lower prices across all segments other than helicopters. General aviation aircraft deliveries continue to show strong progress. The deliveries of piston airplane continue a positive trajectory and exceeded the first half of 2022 by 10.1% with 294 units. “The continued health of the general aviation manufacturing industry is encouraging,” said Pete Bunce, GAMA President and CEO, “our manufacturers are focused on meeting this thriving product demand with new aircraft which incorporate advanced technologies that further enhance safety and fuel performance.” Along with the general aviation industry’s strong performance, our shipments were also robust when compared to the first half of 2022 and its annual operation plan.

## **FINANCIAL REVIEW**

### **Goodwill**

The Group's goodwill acquired through business combination has been allocated to a cash-generating unit in the United States ("USA CGU") and a cash-generating unit in Germany ("Germany CGU"). As at 30 June 2023, the entire amount of the goodwill related to the Germany CGU was HK\$13,479,000 (31 December 2022: HK\$13,439,000). The impairment assessment of the USA CGU and the Germany CGU was performed with the support of Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professionally qualified valuer.

During the six months ended 30 June 2023 and 2022, no impairment loss is recognised.

### **Other intangible assets**

Other intangible assets consist of development programs in progress, trademarks, product technology, licence and completed programs, customer relationships and others. As at 30 June 2023, the Group's other intangible assets were HK\$1,357,868,000 (31 December 2022: HK\$1,387,327,000).

### **Investment in an associate**

During the period, the Group recorded a share of loss of an associate in an aggregate of HK\$2,418,000 (2022: HK\$1,777,000).

### **Administrative expenses**

Administrative expenses consist of salaries and wages, product liability expenses, legal and professional expenses and other general expenses. During the period, the Group recorded administrative expenses of HK\$152,938,000 (2022: HK\$145,567,000).

## **LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES**

The Group has consistently maintained sufficient working capital. As at 30 June 2023, the Group had current assets of HK\$1,651,136,000 (31 December 2022: HK\$1,509,210,000), including cash and bank balances and time deposits with original maturity over three months in an aggregate of HK\$849,974,000 (31 December 2022: HK\$824,752,000). The Group's current liabilities as at 30 June 2023 were HK\$502,002,000 (31 December 2022: HK\$422,783,000).

As at 30 June 2023, the Group's total equity amounted to HK\$2,902,972,000 (31 December 2022: HK\$2,818,891,000), comprising share capital of HK\$930,337,000 (31 December 2022: HK\$930,337,000) and reserves of HK\$1,972,635,000 (31 December 2022: HK\$1,888,554,000). The Group's interest-bearing debts included lease liabilities of HK\$290,471,000 (31 December 2022: HK\$294,099,000). 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 9.1% (31 December 2022: 9.4%).

## **CHARGES ON THE GROUP'S ASSETS**

As at 30 June 2023 and 31 December 2022, 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**

Save for the transactions described elsewhere in this announcement, the Group had no material acquisitions or disposals during the period.

## **CONTINGENT LIABILITIES**

As at 30 June 2023, the Group did not have any significant contingent liabilities (31 December 2022: Nil).

## **EMPLOYEES AND REMUNERATION POLICY**

As at 30 June 2023, there were 564 (31 December 2022: 534) employees in the Group. The employees' wages and salaries, amounted to HK\$135,999,000 (2022: HK\$98,688,000) for the period. 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 discretionary incentive bonuses and share options to eligible staff based on their performance and contributions to the Group.

## **OUTLOOK**

While global economic growth is moderating under the weight of still high inflation and monetary policy tightening, we currently estimate that the growth of the global GDP will slow down further to 2.4% in 2024, in which the growth may be stronger in emerging economies, and slower in Europe and the United States. Regarding the second half of 2023 and 2024 economic outlooks, the financial market stability and inflation risks are contributing to economic uncertainty. Central banks tightened monetary policy rapidly and this exposed weaknesses in the banking sector and financial markets in general. Additionally, core inflations cause price pressures in the global goods and industrial sectors that will adjust the demand, price balance and the labour market dynamics. It will eventually pass through price changes.

We continue to maintain a healthy backlog that will be fulfilled till 2024, we are unwavering to commit to the pursuit of excellence across all business areas, which include quality management, internal efficiency and lead time improvements while delivering exceptional customer service and value to our customers.

### **World-Class Manufacturing Facility**

As we are finishing our Blue Marlin project, and near the end of our transition into our state-of-the-art manufacturing facility in Mobile, Alabama, the United States, we are excited about our future production capabilities. Besides, all advantages of the new production facility brings to manufacturing our avgas piston engines, including reduced lead times, our production team is focusing on taking full advantage of our ability to manufacture Parts Manufacturer Approval parts, which are approved by Federal Aviation Administration (“FAA”), like cylinders for non-Original Equipment Manufacturer (“OEM”) piston engines.

Our avgas piston engines are seeing renewed interest from our OEM partners. Tecnam Aircraft, an aircraft manufacturer, has recently announced that our GTSIO-520-S engine will power their short takeoff and landing aircraft and be offered as a powerplant option on the Traveller, and Sentinel.

We are also thrilled about the future of the Jet-A piston engine series. Announced at EAA AireVenture Oshkosh 2023, we have received the CD300 engine validate type certificate from FAA. The CD300 engine as validated by the FAA makes it available for pilots based in the United States. This is the engine that Diamond Aircraft, an aircraft manufacturer, has selected to power the DA50 RG.

Furthermore, our line of CD engines has reached 10 million flight hours as a sign that owners and operators are enjoying the cost-saving benefits and flight performance of the engine.

### **Research and Development**

Confirming our effort to sustaining aviation fuel, we are finalizing the testing of Hydrotreated Vegetable Oil (“HVO”) as a sustainable fuel option in its CD100 series of engines. HVO is a renewable and carbon-neutral fuel alternative. HVO biofuel is produced from vegetable oils. The Group’s research and development investment signifies our commitment to fostering a more sustainable general aviation industry aimed at reducing carbon emissions and promoting environmental stewardship.

In a nutshell, we are delivering a very strong performance in the first half of 2023, and building sustainable products and excellent services to our valuable customers. Meanwhile, we anticipate using the world-class manufacturing facility and production capabilities to set new standards of quality, lead time, and innovative technologies in the general aviation industry.

## **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 six months ended 30 June 2023, 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 Appendix 14 to 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 period.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code as the Company's code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2023.

## **AUDIT COMMITTEE**

The Company has an audit committee (the "Audit Committee") established in compliance with the Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process, risk management and internal control systems and the effectiveness of the Company's internal audit function including the review of this interim report. It currently comprises three independent non-executive Directors, namely, Mr. Chu Yu Lin, David (as Chairman), Mr. Li Ka Fai, David and Mr. Zhang Ping.

## **REVIEW OF INTERIM RESULTS**

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2023 has been reviewed by the Audit Committee, and has also been reviewed by Ernst & Young in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## **PUBLICATION OF INTERIM REPORT**

The 2023 interim report will be published on the websites of the Company ([www.cath.com.hk](http://www.cath.com.hk)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and dispatched to the shareholders of the Company in due course.

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

Hong Kong, 28 August 2023

*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.*