Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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 ANNUAL RESULTS 2023

The Board of Directors (the "Board") of China Aerospace International Holdings Limited (the "Company") is pleased to announce the audited results and financial statements of the Company and its subsidiaries (collectively the "Group") for the financial year ended 31 December 2023.

SUMMARY OF RESULTS

The audited consolidated results of the Group for the year ended 31 December 2023 and the comparative figures of the same period in 2022 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 DECEMBER 2023

	NOTES	**2023** ***HK$'000***	2022 *HK$'000*
Revenue	3	**3,450,954**	4,501,532
Cost of sales		**(2,750,237)**	(3,512,426)
Gross profit		**700,717**	989,106
Other income	4	**77,881**	82,446
Other gains and losses	4	**31,094**	(27,311)
Net loss on lease terminations	4	**—**	(570,813)
Impairment loss under expected credit loss model ("ECL"), net of reversal		**(4,931)**	(174,921)
Selling and distribution expenses		**(84,274)**	(69,826)
Administrative expenses		**(394,991)**	(451,894)
Research and development expenses		**(162,388)**	(155,523)
Fair value changes of investment properties		**(123,085)**	139,571
Finance costs		**(60,818)**	(76,243)
Share of results of associates		**(3,573)**	(10,147)
Share of results of joint ventures		**(2,191)**	(168)
Loss before taxation	5	**(26,559)**	(325,723)

	NOTES	2023 HK$'000	2022 HK$'000
Taxation	6	**24,794**	73,001
Loss for the year		**(1,765)**	(252,722)
Profit (loss) for the year attributable to:			
Owners of the Company		**4,047**	(119,918)
Non-controlling interests		**(5,812)**	(132,804)
	5	**(1,765)**	(252,722)
Earnings (loss) per share			
Basic and diluted		**HK0.13 cents**	(HK3.89 cents)
	5		

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023	2022
	HK$'000	*HK$'000*
Loss for the year	**(1,765)**	(252,722)
Other comprehensive expense includes:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations		
- subsidiaries	**(240,855)**	(682,298)
- associates	**(7,223)**	(20,245)
- joint ventures	**(2,160)**	(6,844)
Other comprehensive expense for the year	**(250,238)**	(709,387)
Total comprehensive expense for the year	**(252,003)**	(962,109)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(185,517)**	(652,295)
Non-controlling interests	**(66,486)**	(309,814)
	(252,003)	(962,109)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2023

	NOTES	2023 HK$'000	2022 HK$'000
Non-current assets			
Property, plant and equipment		**1,994,602**	1,855,965
Right-of-use assets		**231,608**	279,281
Investment properties		**8,536,258**	8,895,276
Interests in associates		**240,426**	254,481
Interests in joint ventures		**137,413**	141,764
Financial assets at fair value through profit or loss (“FVTPL”)		**125,915**	130,585
Deposit paid for property, plant and equipment		**20,872**	32,753
Pledged bank deposits		**10,000**	11,425
Long term assets		**22,775**	920
		11,319,869	11,602,450
Current assets			
Inventories		**455,543**	513,484
Trade and other receivables	9	**1,042,629**	1,049,900
Amount due from a related party		**207**	11,950
Financial assets at FVTPL		**2,226**	6,232
Pledged bank deposits		**19,546**	30,240
Restricted bank deposits		**30,112**	30,245
Short-term bank deposits		**204,008**	372,340
Cash and cash equivalents		**1,509,144**	1,648,987
		3,263,415	3,663,378
Current liabilities			
Trade and other payables	10	**1,204,944**	1,374,178
Contract liabilities		**50,258**	49,510
Lease liabilities		**34,075**	37,811
Bank borrowings		**5,531**	—
Amount due to a joint venture		**59,087**	37,375
Loan from a major shareholder		**—**	565,611
Loan from a related party		**12,074**	8,523
Taxation payable		**61,679**	86,839
		1,427,648	2,159,847
Net current assets		**1,835,767**	1,503,531
Total assets less current liabilities		**13,155,636**	13,105,981

	2023	2022
	HK$'000	*HK$'000*
Non-current liabilities		
Lease liabilities	**90,627**	118,386
Bank borrowings	**101,612**	–
Loan from a major shareholder	**109,890**	–
Loan from a related party	**1,159,451**	870,023
Deferred taxation	**2,223,096**	2,332,909
	3,684,676	3,321,318
	9,470,960	9,784,663

Capital and reserves		
Share capital	**1,154,511**	1,154,511
Reserves	**6,256,966**	6,504,183
Equity attributable to owners of the Company	**7,411,477**	7,658,694
Non-controlling interests	**2,059,483**	2,125,969
	9,470,960	9,784,663

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair values.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group's annual periods beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except of the amendments to HKFRS mention below, the application of the other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group has applied the amendments for the first time in the current year. The amendments narrow the scope of the recognition exemption of deferred tax liabilities and deferred tax assets in paragraphs 15 and 24 of HKAS 12 "Income Taxes" so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

In accordance with the transition provision:

(i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022;
(ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities.

The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group disclose the related deferred tax assets and deferred tax liabilities of HK$21,913,000 on a gross basis but it has no impact on the retained earnings at the earliest period presented.

3. SEGMENT INFORMATION

The Group determines its operating 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. There are 7 reportable segments (2022: 6 reportable segments), namely Hi-Tech Manufacturing Business (including plastic products, liquid crystal display, printed circuit boards, intelligent chargers, intelligent power modules (new in 2023) 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 year. 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 year ended 31 December 2023

	Revenue			
	External sales *HK$'000*	**Inter-segment sales** *HK$'000*	**Total** *HK$'000*	**Segment results** *HK$'000*
Hi-Tech Manufacturing Business				
Plastic products	**1,412,413**	**22,708**	**1,435,121**	**37,196**
Liquid crystal display	**716,845**	—	**716,845**	**63,498**
Printed circuit boards	**872,700**	—	**872,700**	**22,438**
Intelligent chargers	**216,605**	**5,972**	**222,577**	**(17,876)**
Intelligent power modules	**6,432**	—	**6,432**	**(39,690)**
Industrial property investment	**9,658**	**24,373**	**34,031**	**(7,793)**
	3,234,653	**53,053**	**3,287,706**	**57,773**
Aerospace Service				
Property investment in Shenzhen Aerospace Science & Technology Plaza	**206,745**	**69**	**206,814**	**(5,304)**
Reportable segments total	**3,441,398**	**53,122**	**3,494,520**	**52,469**
Elimination	—	**(53,122)**	**(53,122)**	—
Other Business	**9,556**	—	**9,556**	**4,580**
	3,450,954	—	**3,450,954**	**57,049**
Unallocated corporate income				**37,695**
Unallocated corporate expenses				**(73,411)**
Unallocated gains and losses				**11,649**
Reversal of impairment loss under ECL model, net – other receivable				**7,041**
Share of results of associates				**(3,573)**
Share of results of joint ventures				**(2,191)**
Finance costs				**(60,818)**
Loss before taxation				**(26,559)**

For the year ended 31 December 2022

	Revenue			
	External sales *HK$'000*	Inter-segment sales *HK$'000*	Total *HK$'000*	Segment results *HK$'000*
Hi-Tech Manufacturing Business				
Plastic products	1,430,081	48,080	1,478,161	16,422
Liquid crystal display	1,104,540	—	1,104,540	51,265
Printed circuit boards	1,258,426	—	1,258,426	135,543
Intelligent chargers	378,380	6,367	384,747	10,372
Industrial property investment	9,485	25,670	35,155	(1,114)
	4,180,912	80,117	4,261,029	212,488
Aerospace Service				
Property investment in Shenzhen Aerospace Science &Technology Plaza	310,268	2,866	313,134	389,340
Reportable segments total	4,491,180	82,983	4,574,163	601,828
Elimination	—	(82,983)	(82,983)	—
Other Business	10,352	—	10,352	650
	4,501,532	—	4,501,532	602,478
Unallocated corporate income				37,600
Unallocated corporate expenses				(85,696)
Unallocated gains and losses				(17,508)
Net loss on lease terminations				(570,813)
Impairment loss under ECL model, net of reversal				(174,921)
Provision for litigation				(30,305)
Share of results of associates				(10,147)
Share of results of joint ventures				(168)
Finance costs				(76,243)
Loss before taxation				(325,723)

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represent the profit earned by/loss from each segment without allocation of share of results of associates, share of results of joint ventures, finance costs, net loss on lease terminations, certain (reversal of) impairment loss under ECL model (net), unallocated gains and losses (including unallocated exchange gains (losses), change in fair value of financial assets at fair value through profit or loss),unallocated corporate income (including interest income and other unallocated income) and unallocated corporate expenses. Since the management considered that the loss on lease termination with the two whole lease tenants and the impairment loss under ECL model recognised during the year ended 31 December 2022 regarding the Aerospace Services are one-off event, the amounts were excluded from the segment result for the year ended 31 December 2022. This was 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

	2023	2022
	HK$'000	*HK$'000*
The Group's other income mainly comprises:		
Interest income	**37,418**	37,186
Sales of scrap materials	**23,408**	23,570
Government subsidies (Note a)	**5,578**	11,651
Government grants in respect of COVID-19-related subsidies (Note b)	**—**	2,272
The Group's other gains and losses mainly comprise:		
Net exchange loss	**(200)**	(8,712)
Net (loss) gain from change in fair value of financial assets at FVTPL	**(4,952)**	18,290
Net loss on disposal/written off of property, plant and equipment	**(401)**	(1,076)
Reversal of (provision) for litigation (Note c)	**22,962**	(30,305)
The Group's loss on lease terminations:		
Net loss on lease termination (note d)	**—**	(570,813)

Notes:

(a) The government subsidies mainly represent the incentive provided by the Mainland China local authorities to the Group for encouragement of business development. There were no specific conditions attached to the grants and the Group recognised the grants upon receipts.

(b) During the year ended 31 December 2022, the Group recognised government grants in respect of COVID-19-related subsidies, including subsidies from the Employment Support Schedule provided by the Hong Kong Government of HK$2,272,000 (2023: Nil).

(c) During the year ended 31 December 2023, the legal disputes with a third party in relation to the minority interest of subsidiaries were settled and the provision made in prior years is reversed upon settlement.(2022: A subsidiary of the Group was involved in a litigation with a third party in relation to the contract dispute and the court ruled in favor of the third party during the year ended 31 December 2022, a provision was recorded.)

(d) The Group terminated the lease agreements with its whole lease tenants in 2022 and accounted for the lease terminations in accordance with HKFRS 16 “Lease”. On the effective date of the abovesaid leases termination, the gross carrying amount of unbilled lease receivables which represented accrued rental income recognised on effective rental basis was derecognised and resulting in a loss of lease terminations. Details of which were disclosed in the Company’s 2022 Interim Report and 2022 Annual Report.

5. LOSS BEFORE TAXATION

	2023 *HK$'000*	2022 *HK$'000*
Loss before taxation has been arrived at after crediting:		
Auditors' remuneration	**3,926**	4,403
Cost of inventories charged to profit or loss including allowance for obsolete inventories of HK$15,171,000 (2022: HK$16,152,000)	**2,706,783**	3,462,625
Depreciation of property, plant and equipment (note)	**222,908**	245,374
Depreciation of right-of-use assets (note)	**42,941**	41,647
Staff costs, including directors' remuneration (note)	**818,854**	944,229
Gross rental income from investment properties	**(176,834)**	(258,883)
Less: Direct operating expenses for investment properties that generated rental income during the year	**8,171**	11,451
	(168,663)	(247,432)

Note: Staff costs, and depreciation of property, plant and equipment and right-of-use assets disclosed above included amounts capitalised in inventories.

6. TAXATION

	2023 *HK$'000*	2022 *HK$'000*
The tax charge (credit) for the year comprises:		
Current tax		
Hong Kong Profits Tax	**2,488**	9,309
Mainland China Enterprise Income Tax (“EIT”)	**16,893**	52,677
	19,381	61,986
Overprovision in prior years		
Hong Kong Profits Tax	**(24)**	(2,765)
Mainland China EIT	—	(1,012)
	(24)	(3,777)
Deferred tax credit	**(44,151)**	(131,210)
	(24,794)	(73,001)

Hong Kong Profits Tax for both years is calculated at 16.5% of the estimated assessable profits for the year, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Under the Law of the People’s Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25%. Three subsidiaries (2022: three subsidiaries) of the Company operating in the Mainland China are eligible as High and New Technology Enterprise and the income tax rate of these subsidiaries is 15%.

According to relevant laws and regulations promulgated by the State Tax Bureau of the Mainland China that was effective from 2008 onwards, enterprise engaging in research and development activities are entitled to claim 200% (2022: 200%) of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year.

7. EARNINGS (LOSS) PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Earnings (loss)		
Profit (loss) for the year attributable to owners of the Company for the purpose of basic and diluted earnings (loss) per share	**4,047**	(119,918)

	2023	2022
	Number of shares	Number of shares
Number of shares		
Number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	**3,085,022,000**	3,085,022,000

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 2023. (2022: The computation of diluted loss per share for the year ended 31 December 2022 assume the conversion of convertible loan notes issued by its associate but had no impact on the overall diluted loss per share).

8. DIVIDENDS

	2023	2022
	HK$'000	*HK$'000*
Dividends recognised as distribution during the year:		
2022 interim dividend of HK0.5 cents per ordinary share	—	15,425
2022 final dividend of HK2 cents (2022: 2021 final dividend of HK2 cents) per ordinary share	**61,700**	61,700
	61,700	77,125

The board of the Company recommends not paying a final dividend in respect of the year ended 31 December 2023 (2022: Final dividend for 2022 is HK2 cents).

9. TRADE AND OTHER RECEIVABLES

As at 31 December 2023, the Group's total trade and other receivables comprised of trade receivables arising from contracts with customers, leases receivables and other receivables, deposits and prepayments of HK$899,827,000, net of allowance for credit losses of HK$57,374,000 (2022:HK$946,632,000, net of allowance for credit losses of HK$54,684,000), HK$3,275,000, net of allowance for credit losses of HK$279,845,000 (2022:HK$3,420,000, net of allowance for credit losses of HK$279,284,000) and HK$162,302,000, net of allowance for credit losses of HK$48,590,000 (2022:HK$100,768,000, net of allowance for credit losses of HK$57,952,000), respectively.

The Group allows an average credit period of 30 to 120 days to its trade 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:

	2023	2022
	HK$'000	*HK$'000*
Within 90 days	**777,853**	819,865
Between 91 - 180 days	**105,778**	115,987
Between 181 - 365 days	**16,196**	10,780
	899,827	946,632

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

	2023	2022
	HK$'000	*HK$'000*
Within 90 days	**3,275**	3,420

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:

	2023	2022
	HK$'000	*HK$'000*
Within 90 days	**484,558**	505,251
Between 91 - 180 days	**22,685**	14,313
	507,243	519,564

CHAIRMAN'S STATEMENT

2023 is a critical year for the implementation of the "14th Five-Year Plan" of the Company. The Board of the Company shoulders the responsibility of setting strategies and establishing goals, and works closely with the management to lead all employees to work hard, forge ahead and overcome difficulties. The Company responds to various challenges by adhering to the working policy of "taking high-quality development as the goal, consolidating the foundation for development, adhering to innovation-driven development, building new capabilities, and improving soft power". During the year, the Board paid close attention to the changes in the market situation, and organized all Directors to visit industrial enterprises for on-site research, so as to understand the Company's market development and innovative development, communicate and discuss with the management face to face, and achieve results.

RESULTS

In 2023, the operating revenue of the Company and its subsidiaries decreased in loss by 23.34% to HK$3,450,954,000; the loss for the year was HK$1,765,000, representing a significant decrease in loss as compared to 2022; the profit attributable to shareholders was HK$4,047,000 and the basic earnings per share attributable to shareholders increased to HK0.13 cents. Taking into account the Company's development needs and capital position, the Board has decided not to recommend the payment of a final dividend for 2023 (2022 final dividend: HK2 cents per share).

Facing the challenges of the global economic downturn and the severe business environment, the Board and the management worked together to ensure the stable development of various core businesses. During the year, despite the severe decline in overseas orders and the significant decline in product profits, industrial enterprises were able to make continuous efforts and actively respond to the changing environment, promote market expansion with the policy of "Prevent Risks, Steady Expand", to expand domestic and foreign markets, stabilize existing markets and expand new markets, take active actions, and conduct in-depth research on market demand and trends to cope with the severe and complex market situation such as fierce industry competition and the rapid development of emerging technologies. At the same time, industrial companies continued to optimize their business, market and product structure based on the market and the Company's order demand, actively promoted technological innovation and the improvement of production capacity and efficiency, and the Intelligent Research Institute also further strengthened cooperation with various industrial companies to improve quality and reduce costs.

Affected by the macroeconomic environment, the leasing demand for office buildings in Shenzhen declined significantly, coupled with the continuous increase in the supply of office buildings, the occupancy rate of Aerospace Science & Technology Plaza fell short of expectations. During the year, Aerospace Technology optimized its leasing strategy and increased its efforts in attracting tenants, resulting in an increase in the occupancy rate. In addition, in respect of the litigations initiated by Aerospace Technology against Hangke Houhai and Huabaorun etc for the recovery of arrears of rent, the Board is highly concerned and has kept abreast of the progress of the litigation. In each litigation, the Company will actively advocate and safeguard its own interests in accordance with the law.

During the year, the construction of three projects, namely the new capacity construction of Nantong Hong Yuen, the industrial development of intelligent power modules (IPM) and the Plants Construction Project Phrase 5 of Huizhou Industrial Garden, were progressing steadily. Among them, the construction project of the integrated circuit packaging carrier plant of Nantong Hong Yuen Circuit Technology Co., Limited ("Nantong Hong Yuen") has been carried out smoothly, and the main structure of the plants No. 1 and No. 2 has been topped out, which is expected to be completed in late May 2024. In addition, the intelligent power module (IPM) product has entered the corporate commercialized operation model from project research and development. With Chiphow Microelectronics (Huizhou) Co., Ltd. ("Chiphow Microelectronics") as the operating carrier, it has formed the capability of mass production packaging products. The construction of the Phase 5 plant of Huizhou Industrial Garden has been completed and has entered the stage of full acceptance and will be put into use in 2024, which will further expand the production capacity of the Company's hi-tech manufacturing.

The Company has always insisted that promoting technological innovation is one of the main elements leading higher and stronger development. During the year, the Company made necessary and timely investment in fields such as technological innovation, research and development, and generated fruitful results. Among them, Hong Yuen Company passed the re-evaluation of Guangdong Provincial Enterprise Technology Centre, applied for and won the individual champion of Guangdong Provincial Manufacturing Industry; Semiconductor Company will continue to explore the depth of technology, break through the large-size lamination technology, and invest in the research and development of 3D touch technology in advance according to customer needs; Chee Yuen Company continued to explore compression injection moulding and pulsatile injection moulding processes in new processes, and made new breakthroughs in improving product quality and saving manufacturing costs; Jeckson Company continued to adhere to technological innovation, and successfully achieved breakthroughs in key technologies such as two-way grid connexion and integration of energy storage power sources and remote OTA upgrade, and continuously optimized the intelligent wheelchair control algorithm; in terms of the research and development project of 5G mm-wave filter of the Intelligent Research Institute, the first 5G mm-wave filter trial production line in China has been built, and the yield rate of some wafers of the four-stage and six-stage filters has reached more than 90%, initially possessing the ability to test and verify in small batches, creating sufficient conditions for the next step.

In addition, the Company continued to improve the efficiency of internal control. During the year, the Company promoted informatization construction management, improved the human resources management system, comprehensively promoted the construction of the rule of law, compliance operation and management, and strengthened measures such as safe production, confidentiality and security, energy conservation and environmental protection. The Company attaches great importance to the construction of a talent team and will continue to cultivate and introduce more high-quality talents to lay a solid foundation for future development.

PROSPECTS

Looking forward to 2024, the mainland economy continues to rebound, yet business operations still remain challenging due to the downside risks of global economy, coupled with geopolitical changes. The Company will continue to make every effort to strengthen market development, actively integrate into the new domestic development pattern, adjust the direction of market expansion, and strive to achieve the goals of the 14th Five-Year Plan in accordance with the working philosophy of “innovative development of industrial enterprises, coordinated development of modern service enterprises, and strategic and coordinated development of new technology investment enterprises”. In the coming year, the Company will actively study and judge the development trend of key industries, consolidate the foundation, and ensure steady progress in operation; continuously strengthen investment in innovation to ensure the orderly progress of major projects; increase investment in technological transformation to ensure the quality and efficiency of existing businesses of industrial enterprises; explore the business model to ensure the direct leasing and operation of Aerospace Science & Technology Plaza; coordinate the resources of all parties to ensure that major legal litigation cases are properly resolved; strengthening refined management and continuously improving financial management and control capabilities; strengthen the construction of talent team and improve the talent training and incentive mechanism. With the continuous enrichment and improvement of various necessary construction and infrastructure, as well as the continuous improvement and optimization of various management measures and rules and regulations, we are confident that the prospects and development of the Company are optimistic and bright.

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS PERFORMANCE

The revenue of the Company and the subsidiaries for the year ended 31 December 2023 was HK$3,450,954,000, representing a decrease of 23.34% as compared with that of HK$4,501,532,000 for 2022. The loss of this year was HK$1,765,000, representing a significant decrease in loss as compared with a loss of HK$252,722,000 for 2022.

PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY

Profit attributable to the shareholders of the Company was HK$4,047,000, representing a turnaround as compared to the loss attributable to shareholders of HK$119,918,000 in 2022.

The decrease in revenue was mainly due to the significant decrease in sales from the hi-tech manufacturing business, especially the PCB business. No significant loss of lease termination and impairment of rental receivables were recorded during the year, but the fair value of investment properties decreased by HK$123,085,000 due to the decrease in its valuation, resulting in a loss for the year.

Based on the issued share capital of 3,085,022,000 shares during the year, the basic earnings per share was HK0.13 cents, representing a profit as compared with basic loss per share of HK3.89 cents for 2022.

DIVIDENDS

Taking into account the Company's development needs and capital position, the Board has decided not to recommend the payment of a final dividend for 2023 (2022 final dividend: HK2 cents per share).

The distribution of 2022 final dividend of HK2 cents per share was approved by shareholders at the Annual General Meeting in June 2023 and warrants of which were dispatched to all shareholders on 18 July 2023. During the year, the Board resolved not to declare an interim dividend for 2023 (2022 interim dividend: HK0.5 cent per share).

RESULTS OF CORE BUSINESSES

The core businesses of 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 high-tech industries, fully utilizing the resources from both global and China markets, and comprehensively deepening reform to achieve high-quality development of the Company.

The revenue of the hi-tech manufacturing business is the main source of the Company's revenue and that contributes a significant profit and cash flow, while the property management business of Shenzhen Aerospace Science & Technology Plaza also brings in 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

In 2023, affected by factors such as geopolitical tensions, continuous inflation and interest rate hikes in many countries, the global economy was impacted. Market demand was weak, overseas orders from industrial enterprises declined severely, market price competition was fierce, product profits declined significantly, and the annual results were not satisfactory. The overall revenue and profit both recorded a double-digit decline.

For the year ended 31 December 2023, the revenue of the hi-tech manufacturing business was HK$3,234,653,000, representing a decrease of 22.63% as compared with last year, and the operating profit was HK$57,773,000, representing a decrease of 72.81% as compared with last year. The results of the hi-tech manufacturing business are shown below:

	Turnover (HK$'000)			**Operating Profit (HK$'000)**		
	2023	2022	Changes (%)	**2023**	2022	Changes (%)
Plastic Products	**1,412,413**	1,430,081	(1.24)	**37,196**	16,422	126.50
Printed Circuit Boards	**872,700**	1,258,426	(30.65)	**22,438**	135,543	(83.45)
Intelligent Chargers	**216,605**	378,380	(42.75)	**(17,876)**	10,372	Loss
Liquid Crystal Display	**716,845**	1,104,540	(35.10)	**63,498**	51,265	23.86
Intelligent Power Module	**6,432**	-	100.00	**(39,690)**	-	100.00
Industrial Property Investment	**9,658**	9,485	1.82	**(7,793)**	(1,114)	599.55
Total	**3,234,653**	4,180,912	(22.63)	**57,773**	212,488	(72.81)

In particular, the operating results of the PCB business recorded the most significant decline. Even though certain achievements were made in the fields of automotive sensing and optoelectronic modules, the orders from customers in other market applications generally declined, especially the customers of MEMS packaging substrates experienced a significant decline, with a sales decline of nearly fifty percent, and the overall revenue decreased by 30.65% as compared with last year, and the profit decreased by more than 83%. The intelligent chargers business was also unable to make up for the shortfall in the short term even if there were breakthroughs in bringing in new customers due to the significant reduction in sales orders from major customers, resulting in a decrease both in revenue and profit as compared with last year. The liquid crystal display business recorded a decrease in revenue by 35.10% as compared with last year due to weak market demand and continued sluggish demand. However, due to factors such as the stabilization of supply chain and the reduction of material prices, the profit increased by 23.86% as compared with last year. Plastic products actively expanded the domestic and overseas markets. On the basis of consolidating the existing customers, several new overseas customers were successfully introduced, and the revenue remained the same as compared with last year. Due to factors such as the decline in raw material prices and the timely adjustment of technical transformation contents, the annual profit recorded a multiple increase. The intelligent power module (IPM) has completed the commissioning of the production line and the verification of equipment performance and process, and is capable of mass production, and has achieved revenue in the first year. However, the trial production of products is in a critical period, and the product verification cycle is also extended, and the realization of mass production and profit is delayed to a certain extent. Revenue from industrial property investment increased 1.82% as compared with last year, of which the occupancy rate of Huizhou Industrial Park reached 99.30%.

On 12 May 2023, Nantong Hong Yuen entered into the Construction Contract with China Construction No 8 in relation to the Plant Construction Project Phase I at a consideration of RMB316,860,000 (equivalent to approximately HK$358,890,000). The construction of the Plant Phase I has been carried out in an orderly manner and will be used as Nantong Hong Yuen's self-use plant for the production of integrated circuit packaging substrates upon completion, which is expected to be completed in late May 2024. For details, please refer to the announcements and circular of the Company dated 12 May, 25 May and 21 June 2023, respectively.

The construction of the Plants Construction Project Phrase 5 of Huizhou Industrial Garden has been completed and has entered the completion acceptance stage, which will be put into use in 2024 as the production plants of the Company and its subsidiaries.

In addition, the Intelligent Research Institute continued to assist all industrial enterprises in the R&D and upgrading of high-tech products and the transformation of manufacturing capabilities, including studying AVI equipment, developing LCD screen cutting machines and AOI equipment with industrial enterprises. In addition, the Intelligent Research Institute actively studied automation systems to help promote the intelligent upgrading and transformation of the plants. During the year, the 5G mm-wave filters chip completed the formation of the process team, as well as the commissioning and acceptance of equipment, and continued to move towards the pace of industrialization.

Looking forward to 2024, the business environment will remain severe and the global economic downward pressure will still be high. The revenue forecast cannot be optimistic. All Hi-tech Manufacturing businesses will actively expand its customer base, develop new businesses and carry out a proper risk management, continue to optimize the yield rate, and improve quality and reduce costs. At the same time, improving the level of production automation, maintain production scale and capacity, as well as energy conservation and emission reduction, strictly control energy consumption, recruit professional talents, continue technical transformation and research and development, take innovation as the first driving force, optimize the industrial structure, so as to meet the changing market environment and look forward to expanding profitability.

Shenzhen Aerospace Science & Technology Plaza

In 2023, Aerospace Technology and its wholly-owned subsidiary, Shenzhen Aerospace Technology Property Management Company Limited ("Aerospace Property Management"), which is responsible for the management of Shenzhen Aerospace Science & Technology Plaza, recorded a total revenue of HK$206,745,000 (2022: HK$310,268,000) and a segment loss of HK$5,304,000 (2022: a segment profit of HK$389,340,000). The segment loss was mainly derived from the rental and property management fee income less expenses and provision for lease receivables during the year.

As at 31 December 2023, the valuation of Shenzhen Aerospace Science & Technology Plaza was approximately RMB 7,784,000,000 (2022: RMB 7,860,000,000).

With the implementation of self-managed operation model by Aerospace Technology, as at 31 December 2023, the occupancy rates of Shenzhen Aerospace Science & Technology Plaza were approximately 72.90% (31 December 2022: 39.40%) for the commercial portion and 41.00% (31 December 2022: 32.70%) for the office portion, respectively.

In 2023, the respective litigations of Aerospace Technology with Hangke Houhai and Huabaorun have been heard separately. The first-instance judgments have been obtained in respect of the First Hangke Houhai Litigation (Aerospace Technology's claim against Hangke Houhai to claim for arrears of rent and liquidated damages for breach of contract, etc.), the Second Hangke Houhai Litigation (Hangke Houhai's request to the court to order Aerospace Technology to pay Hangke Houhai operating losses for failure to deliver properties to Hangke Houhai in a timely manner and provide property ownership certificates, etc.), the Third Hangke Houhai Litigation (Hangke Houhai's claim against Aerospace Technology for the repayment of the overpaid rent and the interest losses), the Fourth Hangke Houhai Litigation (Aerospace Technology's claim against Hangke Houhai for losses incurred arising from vacant property due to early termination of lease, and for the pre-paid rent collected from the sub-tenants), and the Sixth Hangke Houhai Litigation (Aerospace Property Management, Aerospace Technology's wholly-owned subsidiary, claim against Hangke Houhai for arrears of property management fees, etc.). Aerospace Technology also filed an appeal against certain judgments, which have been filed with the court and are pending hearing. As for the Fifth Hangke Houhai Litigation (Aerospace Technology has filed a proceeding against Shenzhen Jindian Industrial Group Co., Ltd., a shareholder of Hangke Houhai, for joint and several liabilities under the guarantee contract), which has been filed with the court and is pending trial. In addition, the First Huabaorun Litigation (the claims of Aerospace Technology against Huabaorun for unpaid rent and liquidated damages, etc.), the Second Huabaorun Litigation (the claims of Aerospace Technology against Huabaorun for the loss of vacant properties caused by early termination of leases and the collection of advanced rent from sub-tenants, etc.), and the Third Huabaorun Litigation (the claims of Aerospace Property Management, a wholly-owned subsidiary of Aerospace Technology, against Huabaorun for arrears of property management fees) have been heard respectively, pending further notice from the court.　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 and 14 September 2023, respectively.　Except for the change of the abbreviation of "Shenzhen Aerospace" and "Shenzhen Property Management" to "Aerospace Technology" and "Aerospace Property Management", respectively, other definitions are the same as those in the aforementioned announcements.

In 2024, Aerospace Technology will continue to carry out self-managed operation, introduce large-scale enterprises to settle in, and actively advocate and enforce its own 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) (“CASIL New Century"), distributed a dividend of RMB0.7 per 10 shares during the year and the Company received dividends of approximately RMB2,945,800 in total.

ASSETS

(HK$'000)	31 December 2023	31 December 2022	Changes (%)
Non-Current Assets	**11,319,869**	11,602,450	(2.44)
Current Assets	**3,263,415**	3,663,378	(10.92)
Total Assets	**14,583,284**	15,265,828	(4.47)

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 receivables and inventories.

The equity attributable to the shareholders of the Company for the year was HK$7,411,477,000, representing a decrease of 3.23% as compared with that of HK$7,658,694,000 as at the end of 2022.

The equity attributable to the shareholders of the Company decreased as compared with the end of last year, which was mainly due to the reduction in retained profits due to the dividend paid during the year and the decrease in exchange reserves caused by the decline in the RMB exchange rate. Based on the issued share capital of 3,085,022,000 shares during the year, the net assets per share attributable to the shareholders of the Company was HK$2.4.

As at 31 December 2023, a cash deposit of HK$29,546,000 and bills receivable of HK$54,994,000 of the Company and the subsidiaries had been pledged to banks to obtain credit facilities. Property right certificates at approximate value of RMB1,900,000,000 and RMB170,000,000 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

(HK$'000)	**31 December 2023**	31 December 2022	Changes (%)
Non-Current Liabilities	**3,684,676**	3,321,318	10.94
Current Liabilities	**1,427,648**	2,159,847	(33.90)
Total Liabilities	**5,112,324**	5,481,165	(6.73)

The substantial increase in non-current liabilities was mainly due to an increase in major shareholder loans, related party loans and bank loans during the year which offset the decrease in the conversion of liabilities denominated in RMB into Hong Kong dollar equivalents on the balance sheet date, whereas the decrease in current liabilities was mainly due to the repayment of a loan payable to a major shareholder during the year.

As at 31 December 2023, the Company and its subsidiaries had bank and other borrowings of HK$107,143,000 and HK$1,281,415,000.

OPERATING EXPENSES

The administrative expenses of the Company and the subsidiaries in 2023 were HK$394,991,000, representing a decrease of 12.59% as compared to last year, mainly due to a decrease in labour costs and depreciation and amortization expenses and the reclassification of certain sales related expenses to selling expenses. The finance costs amounted to HK$60,818,000, representing a decrease of 20.23% as compared to last year mainly due to decrease in borrowing rates.

CONTINGENT LIABILITIES

In 2022, Aerospace Technology, as the defendant, was claimed by Hangke Houhai, its major tenant, for its past operating losses in an aggregate amount of approximately RMB119,000,000 (the "Second Hangke Houhai Litigation"). In July 2023, the Court ruled against Aerospace Technology in the Second Hangke Houhai Litigation. Aerospace Technology has appealed this first-instance judgments. The cases have been heard and are pending judgement.

The Company has sought legal opinion and filed appeal to all the court's judgment on 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 can be highly probably to succeed, and it is not probable that an outflow of resources embodying economic benefits will be required to settle the claims. Therefore, the litigations are disclosed as contingent liabilities of the Company and no provision is made.

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

FINANCIAL RATIOS

	2023	2022
Gross Profit Margin	**20.31%**	21.97%
Return on Net Assets	**(0.02%)**	(2.58%)

	31 December 2023	**31 December 2022**
Assets-Liabilities Ratio	**35.06%**	35.90%
Current Ratio	**2.29**	1.70
Quick Ratio	**1.95**	1.44

LIQUIDITY

The source of funds of the Company and the subsidiaries mainly relies on internal resources and banking and financial institution facilities. As at 31 December 2023, the cash and bank balance and short-term bank deposits amounted to HK$1,713,152,000, the majority of which were in Hong Kong Dollars and Renminbi.

CAPITAL EXPENDITURE

As at 31 December 2023, the capital commitments of the Company and the relevant subsidiaries contracted for but not provided in the consolidated financial statements was approximately HK$535,289,000, 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 31 December 2023, the Company and the subsidiaries had a total of approximately 7,200 employees based in the mainland, Hong Kong and Vietnam respectively.

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 its subsidiaries during the year.

CORPORATE GOVERNANCE

During 2023, the Company had complied with the provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules and "The Code and Enforcement Details for Securities Transactions by Directors" of the Company 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 provisions under the said standards in 2023.

As at 31 December 2023, 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.

AUDIT COMMITTEE

In 2023, the Audit Committee comprises Mr Luo Zhenbang (Chairman), Ms Chen Jingru, being Independent Non-Executive Directors; Mr Peng Jianguo (appointed on 2 March 2023) and Mr Mao Yijin (resigned on 2 March 2023), being a Non-Executive Director. The major functions of the Audit Committee include serving as a focal point for communication between the Directors and external auditors, 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 also reviewed, discussed and approved the financial statements for the year ended 31 December 2023.

REMUNERATION COMMITTEE

In 2023, the Remuneration Committee comprises Ms Chen Jingru (Chairman) and Mr Wang Xiaojun, all being Independent Non-Executive Directors, and Mr Hua Chongzhi, being a Non-Executive Director. The Remuneration Committee takes the role of advisory and proposes to the Board on the emoluments of the Directors and senior management with regard to the operating results of the Company, the individual performance and the comparable market information.

NOMINATION COMMITTEE

In 2023, the Nomination Committee comprises Mr Zhou Limin (Chairman), being the Chairman and Executive Director; Mr Teng Fangqian (appointed on 2 March 2023) and Mr Liu Xudong (resigned on 2 March 2023), being a Non-Executive Director, and Mr Luo Zhenbang, Mr Wang Xiaojun, Ms Chen Jingru, all being Independent Non-Executive Directors. Main functions of the Nomination Committee are to review the structure, size and composition of the Board in order to implement the Company's strategy.

ENVIRONMENT, SOCIAL & GOVERNANCE COMMITTEE

The Environment, Social & Governance ("ESG") Committee of the Company has a membership comprising Mr Zhou Limin (Chairman), the Chairman and Executive Director, Mr Hua Chongzhi, a Non-Executive Director, and Mr Luo Zhenbang, an Independent Non-Executive Director. The responsibilities of the ESG Committee are to establish the policies in relation to environment, social and governance and its reporting.

DIVIDEND

Taking into account the Company's development needs and capital situation, the Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2023 (2022 Final dividend: HK2 cents).

STATEMENT OF COMPLIANCE

The financial information relating to the years ended 31 December 2022 and 2023 included in the Announcement does not constitute the Company's statutory annual consolidated financial statements for those years 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 2022 to the Hong Kong Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2023 to the Hong Kong Registrar of Companies in due course. The Company's auditor has reported on the financial statements of the Company and the subsidiaries for both years ended 31 December 2022 and 2023. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Friday, 21 June 2024. Notice of which will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company and dispatched to the shareholders of the Company in such manner as required under the Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

To ensure shareholders the right to attend and vote at the Annual General Meeting, the Register of Members of the Company will be closed and details of which are as follows:

Latest time for lodging transfers of shares and related documents for registration	:	4:30 p.m. on Monday, 17 June 2024
Closure of Register of Members	:	from Tuesday, 18 June 2024 to Friday, 21 June 2024 (both days inclusive)
Record Date	:	Friday, 21 June 2024

The Register of Members of the Company will be closed at the abovementioned periods. To ensure Shareholders the right to attend and vote at the Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Standard Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration on or before 4:30 p.m. on Monday, 17 June 2024.

POST PERIOD EVENTS

On 23 January 2024, Nantong Hong Yuen, an indirectly wholly-owned subsidiary of the Company, entered into Factory Fitting-out Work Contract with EDRI, pursuant to which, EDRI will provide certain secondary mechanical and electrical engineering and factory fitting-out work services to Nantong Hong Yuen at a consideration of RMB83,984,000.05 (equivalent to approximately HK$92,344,000). Details of which please refer to the announcement of the Company dated 23 January 2024.

On 15 March 2024, the court issued a first instance judgment in relation to the First Haubaorun Litigation and the Second Haubaorun Litigation. Haubaorun was ordered to pay to Aerospace Technology the rent, rent for the rent-free period, liquidated damages for the late payment of rent, the rent after termination of contract which had been paid by the sub-tenants, and the legal expenses etc., in the total amount of approximately RMB44,500,000, and that Aerospace Technology confiscated the performance security deposit of RMB8,000,000 paid by Huabaorun etc. For details, please refer to the announcement of the Company dated 18 March 2024.

PUBLICATION OF ANNUAL REPORT

The annual 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 Jin Xuesheng resigned as Executive Director and President on 10 February 2023 and Mr Liu Xudong and Mr Mao Yijin resigned as Non-Executive Directors of the Company on 2 March 2023 respectively due to retirement. On behalf of the Board of Directors, I would like to express my heart felt respect and thanks to Mr Jin Xuesheng, Mr Liu Xudong and Mr Mao Yijin for their great contributions to the Company during their tenure as Executive Director and President, Non-Executive Directors, and welcome Mr Song Shuqing as the Executive Director and President, Mr Teng Fangqian and Mr Peng Jianguo as Non-Executive Directors 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
Zhou Limin
Chairman & Executive Director

Hong Kong, 26 March 2024

At the time of approving this announcement, the Board of Directors of the Company comprises:

Executive Directors	***Non-Executive Directors***	***Independent Non-Executive Directors***
Mr Zhou Limin *(Chairman)*	Mr Hua Chongzhi	Mr Luo Zhenbang
Mr Song Shuqing *(President)*	Mr Teng Fangqian	Mr Wang Xiaojun
	Mr Peng Jianguo	Ms Chen Jingru

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