CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED
中國航天國際控股有限公司
(Stock Code: 31)

2024
Annual Report

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr Wang Hui *(Chairman) (appointed on 23 July 2024)*
Mr Song Shuqing *(President)*
Mr Zhou Limin *(Chairman) (resigned on 23 July 2024)*

Non-Executive Directors

Mr Luo Zhenbang *(Independent)*
Ms Chen Jingru *(Independent)*
Ms Xue Lan *(Independent) (appointed on 26 March 2024)*
Mr Teng Fangqian
Mr Peng Jianguo
Mr Liu Yong *(appointed on 14 February 2025)*
Mr Wang Xiaojun *(Independent) (resigned on 26 March 2024)*
Mr Hua Chongzhi *(resigned on 14 February 2025)*

AUDIT COMMITTEE

Mr Luo Zhenbang *(Chairman)*
Ms Chen Jingru
Mr Peng Jianguo

REMUNERATION COMMITTEE

Ms Chen Jingru *(Chairman)*
Ms Xue Lan *(appointed on 26 March 2024)*
Mr Liu Yong *(appointed on 14 February 2025)*
Mr Wang Xiaojun *(resigned on 26 March 2024)*
Mr Hua Chongzhi *(resigned on 14 February 2025)*

NOMINATION COMMITTEE

Mr Wang Hui *(Chairman) (appointed on 23 July 2024)*
Mr Luo Zhenbang
Ms Chen Jingru
Ms Xue Lan *(appointed on 26 March 2024)*
Mr Teng Fangqian
Mr Zhou Limin *(Chairman) (resigned on 23 July 2024)*
Mr Wang Xiaojun *(resigned on 26 March 2024)*

ENVIRONMENT, SOCIAL & GOVERNANCE COMMITTEE

Mr Wang Hui *(Chairman) (appointed on 23 July 2024)*
Mr Luo Zhenbang
Mr Liu Yong *(appointed on 14 February 2025)*
Mr Zhou Limin *(Chairman) (resigned on 23 July 2024)*
Mr Hua Chongzhi *(resigned on 14 February 2025)*

COMPANY SECRETARY

Ms Wong Cho Ching

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
Registered Public Interest Entity Auditor
35/F, One Pacific Place
88 Queensway
Hong Kong

SHARE REGISTRAR

Tricor Investor Services Limited

LEGAL COUNSEL

ONC Lawyers

PRINCIPAL BANKS & FINANCIAL INSTITUTIONS

Bank of China (Hong Kong) Limited
Aerospace Science & Technology Finance Company Limited* (航天科技財務有限責任公司)

REGISTERED OFFICE

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* These PRC entities mentioned in this Annual Report do not have English names, the English names set out herein are for identification purposes only.

Dear Shareholders,

On behalf of the Board, I hereby present the annual report of China Aerospace International Holdings Limited (the "Company") for the year ended 31 December 2024.

RESULTS

In 2024, the operating revenue of the Company and its subsidiaries increased by 11.32% to HK$3,841,472,000 as compared to 2023. The net loss for the year was HK$83,853,000, representing an increase in loss compared to the net loss of HK$1,765,000 in 2023. The loss attributable to owners of the Company this year was HK$53,307,000, compared to the profit attributable to owners of the Company of HK$4,047,000 in 2023. The basic loss per share attributable to owners of the Company this year was HK1.73 cents (2023: basic earnings per share of HK0.13 cents).

Taking into account the Company's development needs and capital position, the Board resolved not to recommend the payment of a final dividend for 2024 (2023 final dividend: nil).

BUSINESS REVIEW

The Board continues to closely monitor the operational development of the Company's various businesses. In 2024, the Board organized visits to Vietnam and Nantong, allowing Directors to gain an in-depth understanding of the Company's business progress in these two locations. At the same time, the Board proactively kept abreast of the progress in other businesses and major litigations, as well as the overall operations of the Company, providing strong decision-making support for key initiatives.

Reviewing 2024, the geopolitical landscape continued to change, with the rise of trade protectionism and major economies tilted towards protectionism policies. This forced the relocation of supply chains and production lines, creating significant uncertainties to the global economy. At the same time, market demand remained weak and internal industry competition intensified. Coupled with multiple factors such as fluctuations in raw material price and disruptions in sales channels, product profit margins were continuously compressed. Facing market uncertainties, the Board and management worked together to lead industrial enterprises to continue their efforts in an ever-changing environment, thoroughly researched market demands and trends, actively expanded domestic and international markets, and focused on stabilizing existing businesses while exploring new opportunities to cope with fierce industry competition. Meanwhile, each industrial enterprise continuously optimized their business, market, and product structures based on market and order demands, and improved quality and reduced costs through scientific research collaboration with the Intelligent Research Institute. During the year, the hi-tech manufacturing business achieved satisfactory results, with a significant increase in both revenue and operating profit.

In 2024, Shenzhen Aerospace Technology Investment Company Limited* (深圳市航天高科投資管理有限公司) ("Aerospace Technology") continuously optimized its leasing strategy and actively expanded the influence of the Aerospace brand while attracting high-quality clients. Despite the challenge posed by continuous increase in office space supply in Shenzhen, the occupancy rate still improved. Additionally, regarding the litigations initiated by Aerospace Technology to recover rent arrears from Shenzhen Hangke Houhai Investment Development Company Limited* (深圳市航科后海投資發展有限公司) ("Hangke Houhai") and Shenzhen Huabaorun Management Limited* (深圳市華保潤商業管理有限公司) ("Huabaorun"), final judgments have been gradually received and submitted to the court for enforcement. The Board continues to closely monitor the progress of various litigations and their enforcement.

As for the three new capability development projects, namely the new capacity construction of Nantong Hong Yuen Circuit Technology Co., Limited* (南通康源電路科技有限公司) ("Nantong Hong Yuen"), the industrialization development of intelligent power modules (IPM), and the Plants Construction Project Phase 5 of Huizhou Industrial Garden, are progressing in an orderly manner. The civil construction for the integrated circuit packaging substrates plant of Nantong Hong Yuen was completed by the end of May 2024 and has successfully entered the trial production phase. The intelligent power modules (IPM) has focused on securing product clients, continuously improving product development and technological R&D capabilities to enhance customer confidence, with expectations of gradually ramping up production capacity. The Plants Construction Project Phase 5 of Huizhou Industrial Garden has been completed and put into operation, meeting the production expansion needs of the Company's subsidiaries and contributing to the enhancement of the overall capabilities of the Company.

During the year, the Company continued to invest in the technological transformation of industrial enterprises, actively driving technological innovation and strengthening the development of research and innovation systems. The processes of various industrial enterprises were continuously optimized and upgraded, and several invention patents were obtained. The Company also continued to invest in capacity building for the 5G millimeter-wave filter project, achieving optimization in the analysis and control of electroplating solution composition. Additionally, the construction of testing capabilities for high out-of-band suppression filters and W-band filters was completed, taking another step towards industrialization.

The Company continues to enhance internal control efficiency by advancing information technology initiatives, improving compliance management, and implementing energy conservation and environmental protection measures. The Company will further optimize resource allocation and improve management effectiveness.

PROSPECTS

2025 marks the final year of the 14th Five-Year Plan. I will continue to adhere to the guiding principle of "innovative development of industrial enterprises, coordinated development of modern service industry enterprises, and strategic synergy of new technology investment enterprises". With full dedication, I will lead the Board and management team to drive steady progress in the Company's business performance.

Faced with shifting market dynamics, the external business environment is expected to remain severe and complex. With uncertainties in the global economy, the Board and the management will jointly formulate the Company's next five-year development plan. Through systematic restructuring, we will promote business transformation and upgrading, as well as product renewals, while exploring new economic growth points to further enhance the Company's core competitiveness and sustainable development capabilities, creating value for shareholders.

I will continue to lead all employees in unity, moving forward with unwavering confidence and determination, striving to achieve high-quality development for the Company.

APPRECIATION

Mr Wang Xiaojun resigned as an Independent Non-Executive Director of the Company on 26 March 2024 due to his intention to devote more time on his own business, with Ms Xue Lan assuming his responsibilities; Mr Zhou Limin resigned as the Chairman and Executive Director of the Company on 23 July 2024 due to his re-designation as the Chief Specialist of the Company; Mr Hua Chongzhi resigned as a Non-Executive Director of the Company on 14 February 2025 due to retirement, with Mr Liu Yong assuming his responsibilities. On behalf of the Board, I would like to express my sincere respect and gratitude to Mr Zhou Limin, Mr Wang Xiaojun and Mr Hua Chongzhi for their contributions to the Company during their tenure, and warmly welcome Ms Xue Lan and Mr Liu Yong to join the Board of the Company.

On behalf of the Board, I express my profound gratitude to all employees for their dedication and loyal service. I also extend my sincere thanks to our shareholders, bankers, business partners, and members of the community for their unwavering support in the Company's development.

By order of the Board

Wang Hui
Chairman and Executive Director
Hong Kong, 27 March 2025

RESULTS PERFORMANCE

The revenue of the Company and the subsidiaries for the year ended 31 December 2024 was HK$3,841,472,000, representing an increase of 11.32% as compared with that of HK$3,450,954,000 in 2023. The net loss for the year was HK$83,853,000, representing an increase in loss compared to the net loss of HK$1,765,000 in 2023.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company was HK$53,307,000, representing a significant change compared to the profit attributable to owners of the Company of HK$4,047,000 in 2023.

During the year, as a result of the continued downturn in the property market, the valuation of investment properties declined, resulting in a loss of HK$299,754,000 arising from the change in fair value of investment properties, which contributed to the expansion of the overall loss.

Based on the issued share capital of 3,085,022,000 shares during the year, the basic loss per share was HK1.73 cents, representing a significant change as compared to the basic earnings per share of HK0.13 cents in 2023.

DIVIDENDS

Taking into account the Company's development needs and capital position, the Board resolved not to recommend the payment of a final dividend for 2024 (2023 final dividend: nil).

During the year, the Board resolved not to declare an interim dividend for 2024 (2023 interim dividend: nil).

RESULTS OF CORE BUSINESSES

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

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

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

Hi-tech Manufacturing

The revenue of the hi-tech manufacturing business for the year ended 31 December 2024 was HK$3,618,576,000, representing an increase of 11.87% as compared with last year. The operating profit was HK$91,411,000, representing an increase of 58.22% as compared with last year. The results of the hi-tech manufacturing business are set out below:

	Turnover (HK$'000)			Operating Profit (HK$'000)		
	2024	2023	Changes (%)	**2024**	2023	Changes (%)
Plastic Products	**1,659,515**	1,412,413	17.50	**67,862**	37,196	82.44
Printed Circuit Boards	**994,959**	872,700	14.01	**39,882**	22,438	77.74
Intelligent Chargers	**285,266**	216,605	31.70	**178**	(17,876)	Turnaround from loss
Liquid Crystal Display	**650,887**	716,845	(9.20)	**42,364**	63,498	(33.28)
Intelligent Power Modules	**17,424**	6,432	170.90	**(30,912)**	(39,690)	(22.12)
Industrial Property Investment	**10,525**	9,658	8.98	**(27,963)**	(7,793)	258.82
Total	**3,618,576**	3,234,653	11.87	**91,411**	57,773	58.22

In 2024, the global economy continued to recover, but with weakening momentum. Amid persistently declining prices, intense market competition, and declining profit margins, industrial enterprises were actively diversifying their strategies to improve quality and efficiency. As a results, overall revenue and profit achieved steady growth. Among these, the businesses of plastic products and printed circuit boards (PCB) delivered outstanding performance, with both recording a near double in profits, driving the strong overall performance in the hi-tech manufacturing segment.

The plastic products business actively expanded into domestic and overseas markets. While consolidating its existing customer base, it successfully introduced several new overseas customers, leading to steady growth in overseas operations. Notably, the revenue from Chee Yuen in Vietnam recorded strong growth, with its operational conditions gradually improving and production value continuing to rise, contributing to a substantial increase in the overall operating profit of the plastics products business. The printed circuit boards (PCB) business implemented an integrated approach to research, production and sales to promote high-quality development. During the year, the overall sales of the printed circuit boards (PCB) business increased, with a revenue growth of approximately 14.01% compared to last year, mainly driven by strong performance in the optoelectronic module and domestic substrates businesses and increased exchange gains, collectively contributed to a significantly 77.74% operating profit growth compared to last year. Meanwhile, the intelligent chargers business achieved a breakthrough in expanding its new customer base, offsetting the impact of reduction in sales orders from major clients. At the same time, the overall gross profit improved, achieving a turnaround from losses. The liquid crystal display business faced weak and persistently sluggish market demand, and ongoing destocking and significant sales order reduction by major customer groups. During the year, a major customer filed an arbitration application over a product quality dispute (for details, please refer to the announcement of the Company dated 17 December 2024). CASIL Semiconductor Limited ("CASIL Semiconductor") has already filed a counterclaim to protect its own interests. The arbitration proceeding is currently ongoing. Coupled with intense supply competition, revenue and profits sharply declined. Meanwhile, the intelligent power modules (IPM) business continued to increase investment in product development and technological research, improving product quality to support realization of profit in the future. The revenue from industrial property investments increased by 8.98% compared to last year. Among these, the Plant Construction Project Phase 5 of Huizhou Industrial Garden has been completed and put into operation, supplementing the production facilities of the Company and its subsidiaries. However, a loss of HK$22,722,000 was recorded due to the change in fair value of the investment properties, resulting in an increase in loss for the year.

On 23 January 2024, Nantong Hong Yuen entered into the Factory Fitting-out Work Contract with the IT Electronics Eleventh Design & Research Institute Scientific and Technological Engineering Corporation Limited ("EDRI") in relation to the Plants Construction Project Phase I, pursuant to which, EDRI will provide certain secondary mechanical and electrical engineering and fitting-out work services to Nantong Hong Yuen at a consideration of RMB83,984,000.05 (equivalent to approximately HK$92,344,000). For details, please refer to the announcement of the Company dated 23 January 2024. The construction of the Plant Phase I of Nantong Hong Yuen has completed the civil engineering work at the end of May 2024. The civil engineering and renovation works for the project have also entered the acceptance and trial stage. The introduction of process equipment has been basically completed, with key process equipment being installed and debugged gradually.

In addition, the Intelligent Research Institute continues to assist various industrial enterprises in the R&D of high-tech products, upgrading manufacturing capabilities, and actively researching automation systems to promote the intelligent upgrade and transformation of factories. During the year, the Institute participated in the 5th Shaoxing Integrated Circuit Industry Conference to explore future industry development trends, and signed a memorandum of cooperation with the People's Government of Yuecheng District, Shaoxing City, expecting to promote the industrialization development of 5G millimeter-wave filter jointly.

Looking ahead to 2025, the business environment remains difficult. All hi-tech manufacturing businesses will actively expand its customer base, explore the possibilities of developing new business and enhance risk management, continue to optimize the yield rate, improve quality while reducing costs. At the same time, efforts will be made to increase the level of production automation, expand production scale and capacity in a timely manner, focus on energy conservation and emission reduction, strictly control energy consumption, recruit professional talents, continue technological transformation and research and development, take innovation as the primary driving force, optimize the industrial structure to adapt to the ever-changing market environment, expecting to expand profitability.

Shenzhen Aerospace Science & Technology Plaza

In 2024, Aerospace Technology and its wholly-owned subsidiary, Shenzhen Aerospace Technology Property Management Company Limited ("Aerospace Property Management"), which is responsible for the property management of Shenzhen Aerospace Science & Technology Plaza, recorded a total revenue of HK$213,746,000 (2023: HK$206,745,000) and a segment loss of HK$132,099,000 (2023: segment loss of HK$5,304,000). The segment loss was mainly attributable to the decrease in property valuation.

As at 31 December 2024, the valuation of Shenzhen Aerospace Science & Technology Plaza was approximately RMB7,540,000,000 (2023: RMB7,784,000,000).

As at 31 December 2024, the occupancy rates of Shenzhen Aerospace Science & Technology Plaza were approximately 65.59% (31 December 2023: 72.90%) for the commercial portion and 47.50% (31 December 2023: 41.00%) for the office portion, respectively.

In 2024, the respective litigations of Aerospace Technology with Hangke Houhai and Huabaorun have been heard separately. Except for the Sixth Hangke Houhai Litigation, which is still awaiting a final judgment, final judgments for all other litigations have been received. In respect of the claims between Aerospace Technology and Hangke Houhai, the Second-instance Judgments have become effective in offsetting the credit liabilities of both parties, and the claims in the First, Second, Third, and Fourth Hangke Houhai Litigations could be settled at a net basis. It is estimated that Hangke Houhai will be required to pay approximately RMB22,000,000 to Aerospace Technology (calculated as of 4 September 2024, and subject to execution conditions). For the Fifth Hangke Houhai Litigation (Aerospace Technology's claim against Jindian Industrial, a shareholder of Hangke Houhai, in relation to the joint and several liability under the guarantee contract), it is expected Jindian Industrial will be liable for joint and several liabilities of up to approximately RMB11,000,000. In respect of the litigations of Aerospace Technology and its subsidiary, Aerospace Property Management, respectively, against Huabaorun, it is estimated that Huabaorun will be required to pay an aggregate amount of approximately RMB68,600,000 to Aerospace Technology and Aerospace Property Management (calculated as of 19 November 2024, and subject to execution conditions). For details, please refer to the announcements of the Company dated 12 May 2022, 14 June 2022, 5 July 2022, 30 September 2022, 7 November 2022, 14 February 2023, 24 March 2023, 11 July 2023, 14 July 2023, 25 August 2023, 14 September 2023, 18 March 2024, 26 March 2024, 7 June 2024, 27 August 2024, 4 September 2024, 21 October 2024 and 20 November 2024, respectively.

In relation to various litigations, Aerospace Technology has proactively advocated and defended its rights in accordance with applicable laws. It has frozen and preserved the assets of Hangke Houhai, Huabaorun, and Jindian Industrial during the litigations, and has filed a petition to the court for enforcement of the final judgments of the litigations. As of 31 December 2024, neither Hangke Houhai nor Huabaorun has made the required payments to Aerospace Technology in accordance with the court's final judgments. Aerospace Technology will make every effort to advance the enforcement process within the legal framework.

In 2025, Aerospace Technology will continue to carry out self-managed operation, expand its tenant base and introduce large-scale enterprises to settle in. Considering the current leasing situation for offices space in Shenzhen, the property market is expected to face ongoing challenges.

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"), did not declare dividend during the year (2023: RMB0.7 per 10 shares, dividends totaling approximately RMB2,945,800 were distributed to the Company).

ASSETS

(HK$'000)	**31 December 2024**	31 December 2023	Changes (%)
Non-Current Assets	**10,953,891**	11,319,869	(3.23)
Current Assets	**3,327,423**	3,263,415	1.96
Total Assets	**14,281,314**	14,583,284	(2.07)

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 increase in current assets was primarily due to the increase in inventories and receivables.

As at the end of this year, the equity attributable to owners of the Company was HK$7,154,386,000, representing a decrease of 3.47% as compared with that of HK$7,411,477,000 as at the year end of 2023.

The equity attributable to owners of the Company decreased as compared to the end of last year was primarily due to the loss for the year and the decrease in exchange reserves caused by the depreciation of 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 owners of the Company was HK$2.32.

As at 31 December 2024, a cash deposit of HK$39,110,000 and bills receivable of HK$82,489,000 of the Company and the subsidiaries had been pledged to banks to obtain credit facilities. Property right certificates at an approximate value of RMB1,900,000,000 and 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 2024**	31 December 2023	Changes (%)
Non-Current Liabilities	**3,515,843**	3,684,676	(4.58)
Current Liabilities	**1,649,182**	1,427,648	15.52
Total Liabilities	**5,165,025**	5,112,324	1.03

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

As at 31 December 2024, the Company and the subsidiaries had bank borrowings and other borrowings amounting to HK$349,825,000 and HK$1,163,656,000, respectively.

OPERATING EXPENSES

The administrative expenses of the Company and the subsidiaries in 2024 were HK$401,471,000, representing an increase of 1.64% as compared to last year, mainly due to an increase in labour costs and depreciation and amortization expenses. The finance costs amounted to HK$53,409,000, representing a decrease of 12.18% as compared to last year, mainly due to decrease in borrowing rates.

CONTINGENT LIABILITIES

As at 31 December 2024, the Company and the subsidiaries did not have any material contingent liabilities.

FINANCIAL RATIOS

	2024	2023
Gross Profit Margin	**21.03%**	20.31%
Return on Net Assets	**(0.92%)**	(0.02%)

	31 December 2024	31 December 2023
Assets-Liabilities Ratio	**36.17%**	35.06%
Current Ratio	**2.02**	2.29
Quick Ratio	**1.66**	1.95

LIQUIDITY

The source of funds of the Company and the subsidiaries mainly relies on internal resources and banking and financial institution facilities. As at 31 December 2024, the cash and cash equivalents and short-term bank deposits amounted to HK$1,497,130,000, the majority of which were in Hong Kong Dollars and Renminbi.

CAPITAL EXPENDITURE

As at 31 December 2024, the capital commitments of the Company and the relevant subsidiaries contracted for but not provided in the consolidated financial statements was approximately HK$437,360,000, 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 2024, the Company and the subsidiaries had a total of 7,009 employees based in the mainland China, Hong Kong and Vietnam.

APPRECIATION

I would like to express my heartfelt thanks to our shareholders, banks, business partners and all other friends from the community who have rendered support to the Company's development, and to express my gratitude and high praise for all employees of the Company their loyalty to the Company and professional attitude.

By order of the Board

Song Shuqing
Executive Director and President
Hong Kong, 27 March 2025

The Company has complied throughout the reporting period with the provisions of the Corporate Governance Code as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

"Patriotic, Innovative, Integrity, Harmony, Conscientiousness" represent the essence of the Company's corporate culture and the Company's corporate mission. It also serves as the business development principles and the core values of employees in daily business and operations. The Company focuses on long-term value and benefits creation for our customers, shareholders, employees and the society. The Company is committed to promoting technological innovation and specialized production in the long run, devoted in the provision of high quality and high efficiency services to the supply chain and industrial chain industries and focuses on advanced manufacturing and modern service industries as core competencies, aiming to become an international enterprise with focus in the future, with remarkable innovation capability and continuous creation of value for customers, providing customers with professional, efficient, safe and environmentally friendly products and services. The Company adopts a prudent attitude in operating and managing its business to achieve sustainable growth of the Company's business and contribute to the economic development of the society. The Company has formulated a long-term planning outline and continuously evaluates the potential opportunities and challenges faced by the Company. Through the core of the Company's corporate culture, we will continue to enhance employees' ethics, improve the corporate governance system, and effectively prevent any business risks and compliance risks. This will give the employees themselves and the Company a competitive advantage to develop various businesses steadily, and strengthen Company's performance in revenue, profitability and return on shareholders' equity.

BOARD OF DIRECTORS

In 2024, the Board of Directors of the Company comprised the Executive Directors, namely, Mr Wang Hui (Chairman) (appointed on 23 July 2024) and Mr Zhou Limin (Chairman) (resigned on 23 July 2024), Mr Song Shuqing (President); the Non-Executive Directors, namely, Mr Hua Chongzhi, Mr Teng Fangqian and Mr Peng Jianguo; and the Independent Non-Executive Directors, namely, Mr Luo Zhenbang, Ms Chen Jingru, Ms Xue Lan (appointed on 26 March 2024) and Mr Wang Xiaojun (resigned on 26 March 2024). Each of the Directors is not related to each other in financial, business or family aspects.

The Chairman of the Company is Mr Wang Hui (appointed on 23 July 2024) and was Mr Zhou Limin (resigned on 23 July 2024), whereas the President of the Company is Mr Song Shuqing. Mr Wang Hui, Mr Song Shuqing and Mr Zhou Limin are not related to each other in financial, business or family aspects. The roles of Chairman and President have been divided according to respective written Terms of Reference.

Each of the Directors of the Company will receive a comprehensive and formal induction on the first occasion of their respective appointment, so as to ensure that they have a proper understanding of the operations and business of the Company. Pre-appointment training will be provided by the Company's legal advisor to ensure directors understand their responsibilities under common law, the Listing Rules, applicable legal requirements, other regulatory requirements and the business and governance policies of the Company.

The specific term for each Non-Executive Director (including Independent Non-Executive Directors) of the Company is two years, and is subject to retirement by rotation and re-election, if eligible, under the Articles of Association of the Company.

Those Directors appointed by the Board during the year shall hold office only until the next Annual General Meeting and shall then be eligible for re-election. The process for re-election of a Director is in accordance with the Company's Articles of Association, which requires that, other than those Directors appointed during the year, one-third of the Directors for the time being (or the nearest number) are required to retire by rotation at each Annual General Meeting and are eligible to stand for re-election. The annual report and the circular for Annual General Meeting contain information on re-election of Directors including biography of all Directors standing for election or re-election so as to ensure shareholders to make an informed decision on their election. If shareholders propose a person for election as a director of the Company, it should be made in pursuant to procedures stipulated in the Hong Kong Companies Ordinance, the Listing Rules and the Company's Articles of Association etc. Procedures of Articles of Association can be downloaded from the Company's website for reference.

The Company complied with the requirements of the Listing Rules by appointing three Independent Non-Executive Directors during 2024, namely, Mr Luo Zhenbang, Ms Chen Jingru, Ms Xue Lan (appointed on 26 March 2024) and Mr Wang Xiaojun (resigned on 26 March 2024). They are unrelated to each other in any aspect, including financial, business or family. Among these Independent Non-Executive Directors, Mr Luo Zhenbang has appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The Company has received letters from each Independent Non-Executive Director confirming that their independence, and that of their immediate family members, is in compliance with Rule 3.13 of the Listing Rules. In addition, Mr Luo Zhenbang has served as an Independent Non-Executive Director of the Company for more than nine years and continues to demonstrate the characters required of an Independent Non-Executive Director and is able to provide independent opinion. The Board of Directors considered that his tenure would not affect his independence. As such, the Board of Directors confirmed the same upon the Nomination Committee had reviewed and confirmed that all Independent Non-Executive Directors are independent.

The Company entered into an engagement letter with each of the Directors, in which specified their responsibilities to comply with the rules and regulations and the Articles of Association and to report director's duties, their right to receive a director's remuneration and to reimburse their expenses incurred reasonably, their length of term and the procedures to terminate their appointment and other relevant matters. The Directors have acknowledged their duty that they should commit sufficient time and effort to the Company's matters and have confirmed the same to the Company.

The Company has adopted the *Model Code for Securities Transactions by Directors of Listed Issuers* as set out in Appendix C3 to the Listing Rules and *The Code and Enforcement Details for Securities Transactions by Directors* of the Company as the required standard for the Directors to trade the securities of the Company. The Company had also established the *Model Code for Securities Transactions by Employees* for employees as the required standard to trade the securities of the Company. The Company has required that, from 30 days before the publication of interim results and 60 days before the publication of annual results, Directors, other management and each of their respective associates are not allowed to trade any securities of the Company.

Having made specific enquiry to all Directors and in accordance with the information provided, all Directors have complied with the required standards as set out in the Appendix C3 and *The Code and Enforcement Details for Securities Transactions by Directors* during 2024.

The Board is responsible for determining the Company and its subsidiaries' objectives, strategies, policies, principal business plans, risk management and internal control, and corporate governance, and the management is delegated the responsibilities of running the Company's businesses, making day-to-day decisions concerning business operations and the implementation of the approved strategies in achieving the overall development strategies of the Company.

The attendance record of Directors during 2024 is set out below:

	Annual General Meeting		Board Meeting	
Directors	Number of meetings entitled to attend	Number of attendance	Number of meetings entitled to attend	Number of attendance
Wang Hui	0	0	2	2
Zhou Limin	1	1	3	2
Song Shuqing	1	1	4	4
Hua Chongzhi	1	1	4	4
Teng Fangqian	1	1	4	4
Peng Jianguo	1	0	4	4
Luo Zhenbang	1	1	4	4
Chen Jingru	1	1	4	4
Xue Lan	1	1	4	4
Wang Xiaojun	0	0	1	0

CORPORATE GOVERNANCE POLICY

The Board is responsible for the Company's corporate governance and shall review and approve the Company's corporate governance in board meeting(s) in a timely manner. This includes but not limited to reviewing the effectiveness and sufficiency of corporate governance measures and policies, reviewing the training arrangements of Directors and senior management, whether the Company's policies comply with requirements of rules and regulations, applicability of the Company's internal codes, whether the Company complies with requirements of the Corporate Governance Code, and whether these have been disclosed in the Corporate Governance Report.

The corporate governance policy has been covered in the Company's *Rules of Board Procedure* which mainly regulate and monitor the discussion and decision making procedure of the Board in order to raise the effectiveness of corporate governance. Besides, the Board has made an appropriate internal control, risk management system and whistle-blowing system so as to effectively monitor the Company's financial and governance situation. The Company formulated the *Anti-Corruption Policy* and *Whistle-blowing Policy* to further strengthen the performance of corporate governance, at the same time, the Company updated the S*hareholders & Investors Communication Policy* to effectively put forward disclosures of information and increase the Company's transparency.

The Company has established *Mechanisms to Ensure Board Access to Independent Views and Advice* to ensure that the Board is provided with independent views and opinions, as well as checks and balances to facilitate the steady development of the Company. The relevant mechanisms are set out in the *Rules of Board Procedure* and the *Rules for the Selection and Appointment of Independent Non-Executive Directors* of the Company, and are also embodied in the governance structure such as the number of Independent Non-Executive Directors on the Board. The Board conducts annual reviews on the implementation and effectiveness of these mechanisms.

Pursuant to the Company's *Rules of Board Procedure*, regular board meetings are held at least four times a year, and, if necessary, additional meetings would be arranged. In 2024, the Company held 4 board meetings, and Mr Wang Hui, the Chairman, convened one meeting with the Independent Non-Executive Directors without the presence of other Directors and management officers.

The Company Secretary assists the Directors in establishing the meeting agenda. Notice of meeting and information package are sent to Directors within a reasonable and practical timeframe prior to each meeting in order to facilitate informed discussion and decision-making by the Directors.

The Company Secretary is responsible for taking minutes of meetings. Draft minutes are sent to all Directors for their comments within a reasonable timeframe after each meeting and to be approved by the Board or the relevant committee at the immediate following meeting. Final versions of the board minutes are sent to all Directors for record. The minutes books are kept by the Company Secretary and are open for inspection by the Directors upon request. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board and for advising the Board that the procedures are followed and that the Listing Rules are complied with.

BOARD COMMITTEES

The Board has established Audit Committee, Remuneration Committee, Nomination Committee and Environment, Social & Governance ("ESG") Committee, all of which respectively monitor the Company's governance matters in relation to financial position, Directors and senior management's remuneration policy, nomination of Directors, and ESG. The committees are governed by their respective Terms of Reference and accountable to the Board. The Terms of Reference of respective committees can be downloaded from the websites of both The Hong Kong Exchanges and Clearing Limited and the Company for reference.

Audit Committee

In 2024, the Audit Committee comprises Mr Luo Zhenbang (Chairman), Ms Chen Jingru, all being Independent Non-Executive Directors; Mr Peng Jianguo, 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 held 3 meetings in 2024 for the purpose of assessing and reviewing the Company's internal control system, risk management, interim and annual financial results, re-appointment of auditors and corporate governance practices, including the annual review of the effectiveness of the *Whistle-blowing Policy*, etc. The external auditor, the Chief Accountant, the Senior Finance Controller, the General Manager of Internal Audit & Risk Management Department, the Deputy General Manager of Finance Department and the Company Secretary attended the aforementioned meetings.

The Audit Committee also reviewed, discussed and approved the financial statements for the year ended 31 December 2024.

The attendance record of Audit Committee members during 2024 is set out below:

	Number of meetings eligible to attend	Number of attendance
Luo Zhenbang	3	3
Chen Jingru	3	3
Peng Jianguo	3	3

Remuneration Committee

In 2024, the Remuneration Committee comprises Ms Chen Jingru (Chairman), Ms Xue Lan (appointed on 26 March 2024) and Mr Wang Xiaojun (resigned on 26 March 2024), 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.

The remuneration of each Director and committee member is determined in accordance with the Company's *Standard on Directors' Remuneration and Special Allowances* and is adjusted from time to time to take account of actual circumstances, including comparable market conditions.

The Directors' fees and any other reimbursement or emolument payable to each Director during the year are set out in the "Notes to the Consolidated Financial Statements" of this Annual Report.

The Remuneration Committee held 2 meetings in 2024 for the purpose of reviewing the remuneration of newly appointed Directors, and the remuneration and the appraisal policy of the Company's Directors and senior management respectively. The Company Secretary and the Deputy General Manager of Human Resources Department attended these meetings. In 2024, no Director was involved in deciding his/her own remuneration.

The attendance record of Remuneration Committee members during 2024 is set out below:

	Number of meetings eligible to attend	Number of attendance
Chen Jingru	2	2
Xue Lan	1	1
Hua Chongzhi	2	2
Wang Xiaojun	1	1

Nomination Committee

In 2024, the Nomination Committee comprises Mr Wang Hui (Chairman) (appointed on 23 July 2024) and Mr Zhou Limin (Chairman) (resigned on 23 July 2024), the Chairman and Executive Director; Mr Teng Fangqian, being a Non-Executive Director, and Mr Luo Zhenbang, Ms Chen Jingru, Ms Xue Lan (appointed on 26 March 2024) and Mr Wang Xiaojun (resigned on 26 March 2024), all being Independent Non-Executive Directors. The 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.

The *Board Diversity Policy* is a reference base of the Company for the selection of director candidates. With reference to the Company's unique corporate culture and background, the Company will consider the candidate's different personal factors, including skills, regional and industrial experience, background, expertise, culture, independence, age, sex and other professional qualifications etc. in assessing the Board's most suitable composition. Appointment depends on capability. Besides, as practically as possible, the Company will maintain the right balance and recruit the most suitable personnel with ample experience to manage various businesses of the Company. The Nomination Committee reviews the implementation of *Board Diversity Policy* at appropriate time and measurable targets in order to ensure effectiveness of the policy and fit into the ongoing business development of the Company. In 2024, female directors accounted for 25% (2023: 12.5%) of the Board of the Company, achieved the Company's target of increasing the proportion of female directors to over 20% by 2025.

The Company has formulated the *Directors' Nomination Policy*, which has been considered and passed by the Nomination Committee and the Board. Highlights of the policy are as follows:

1. The Nomination Committee shall at least consider the following factors when assessing candidates:

    a. compliance with the requirements on assuming directorship under, among others, the *Hong Kong Companies Ordinance, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* and the *Articles of Association* of the Company;

    b. select suitable candidate based on the Board structure and actual needs of the Company's operation, including but not limited to the determination of the type of director to be identified (i.e. executive director, non-executive director or independent non-executive director), the determination of the director to be identified (e.g. possession of experience in finance and accounting, legal, or industry expertise; lowering the average age; candidates for the succession of the Board), the determination of the requirements for the director to be identified (e.g. one of the independent directors must possess experience in finance and accounting);

    c. the *Board Diversity Policy* of the Company;

    d. in case the assumption of the role of independent non-executive director of the Company represents his/her directorship in seven or more listed companies, the reasons why that independent non-executive director candidate could devote sufficient time; and

    e. other factors, including but not limited to, among others, his/her contributions to the Company (e.g. view and perspective, skills and experience, promotion of board diversity), familiarity with legal requirements in Hong Kong and China, as well as time to be devoted to the affairs of the Company.

2. Potential nominees shall provide sufficient information, such as biographical details, to the Nomination Committee for consideration.

3. Assessment on the independence of potential nominees.

4. The Nomination Committee could invite other directors or senior management to assist in identifying candidates.

5. If necessary, the Nomination Committee can invite potential nominee(s) to attend meeting(s) for it to further learn about him/her.

6. The Nomination Committee has the discretion to nominate or reject the identified candidate(s).

In 2024, the Board of the Company comprises 8 members, including 6 male directors and 2 female directors. All Directors possess university or above educational level, whereas some possess professional qualifications in accountancy and laws etc., and have ample experiences in large enterprise management, financial management, legal affairs, and human resources etc. across various industries.

The Nomination Committee held 2 meetings in 2024, and the Company Secretary attended both meetings. The Nomination Committee recommended to the Board on the appointment of the Chairman and Executive Director and Independent Non-Executive Director, reviewed the structure, composition and diversity of the Board, confirmed the rotation list of Directors for the Annual General Meeting, and assessed the independency of each Independent Non-Executive Directors and confirmed all of them are independent. Based on the recommendation of the Nomination Committee, the Board also considered all Independent Non-Executive Directors to be independent.

The attendance record of Nomination Committee members during 2024 is set out below:

	Number of meetings eligible to attend	Number of attendance
Wang Hui	0	0
Luo Zhenbang	2	2
Chen Jingru	2	2
Xue Lan	1	1
Teng Fangqian	2	2
Zhou Limin	2	1
Wang Xiaojun	1	0

Environment, Social & Governance Committee

In 2024, the Environment, Social & Governance Committee comprises Mr Wang Hui (Chairman) (appointed on 23 July 2024) and Mr Zhou Limin (Chairman) (resigned on 23 July 2024), 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 and its reporting relating to environment, social and governance.

The ESG Committee held 2 meetings in 2024 for the purpose of discussing and reviewing the 2023 ESG Report, setting up the annual work plan, following up the work progress, as well as initiating the working plan for climate-related disclosures. The team leader of the ESG Working Group, the ESG Consultant Firm, and the Company Secretary attended both meetings. During the year, the ESG Committee also reviewed the interim work progress report of the ESG Working Group, including the stakeholder questionnaire survey results, interim data review and analysis, compilation of the ESG materiality matrix, and risk assessment, among other items. Additionally, in response to the amendment of the climate-related disclosure requirements, the ESG Working Group specially organized an on-site training session for Directors and Senior Management to help them understand the relevant requirements. The Chairman of the ESG Committee and members of the ESG Working Group also attended the training.

The attendance record of ESG Committee members during 2024 is set out below:

	Number of meetings eligible to attend	Number of attendance
Wang Hui	1	1
Luo Zhenbang	2	2
Hua Chongzhi	2	2
Zhou Limin	1	1

DIRECTORS' TRAINING

The Directors are periodically provided with financial and the operational information by the Company. They are also informed of, both in written and by meetings, the latest amendments of the relevant laws related to listed companies and the Listing Rules to ensure that they understand the related directors' duties and responsibilities. Besides, the Company has informed each Director of the requirement of receiving relevant training each year and the provision of a record of the training they have completed to the Company. In 2024, the Company arranged for its legal advisor to conduct training sessions for Directors and other management officers on compliance practices for Directors and senior management. Additionally, the Company arranged specialized training sessions conducted by its legal advisor for newly appointed Directors. In addition, the Company provided anti-corruption training materials for Directors to revise and study during the year. All Directors participated in appropriate trainings based on their individual needs and, provided their training records for 2024 to the Company pursuant to the requirements of Corporate Governance Code.

During the year, the training hours received by the Directors of the Company are as follows:

Directors	Training Hours
Wang Hui‡	10
Song Shuqing	19.5
Luo Zhenbang	19.5
Chen Jingru	19.5
Xue Lan§	22
Hua Chongzhi	19.5
Teng Fangqian	19.5
Peng Jianguo	19.5
Zhou Limin**	11.5
Wang Xiaojun††	1

In addition, two on-site research visits were organized for the Board in 2024 to its subsidiaries, Chee Yuen Electronic Technology (Vietnam) Co., Ltd.* (志源電子科技(越南)有限公司) and Nantong Hong Yuen Circuit Technology Company Limited* (南通康源電路科技有限公司), to allow the Directors to have an in-depth understanding of the Company's operations through on-site researches.

LIABILITY INSURANCE

The Company has procured liability insurance for Directors and senior management of the Company and its subsidiaries in respect of the protection against contingent loss or liabilities arising from daily operations that may be borne by Directors and other management.

COMPANY SECRETARY

The selection, appointment or dismissal of Company Secretary (if any) should be approved by the Board at a meeting. The Company Secretary should report to the Chairman of the Board and the President.

The Company Secretary of the Company is Ms Wong Cho Ching, fellow member of The Hong Kong Chartered Governance Institute and has been servicing the Company for many years. Ms Wong Cho Ching had taken not less than 15 hours of professional training in 2024, which complies with the requirements as stipulated in Rules 3.28 and 3.29 of the Listing Rules.

‡ Appointed on 23 July 2024
§ Appointed on 26 March 2024
** Resigned on 23 July 2024
†† Resigned on 26 March 2024

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board of Directors of the Company is responsible for overseeing the risk management and internal control system and ensuring their effectiveness. The Company has gradually established, maintained and implemented an effective internal control system with clear definition of the responsibilities and duties of all businesses and operating departments, and has set up Internal Audit & Risk Management Department, which is responsible for conducting regular or irregular audits on relevant businesses and operating departments to ensure effective check and balance of power, and for maintaining and implementing the risk management and internal control system. The Company has also established an ESG Working Group to report regularly to the ESG Committee, assessing and identifying risk management in ESG aspect in order to assess and manage significant ESG-related issues. During the year, the ESG Committee conducted an interim investigation and analysis of ESG risk management and control matters across various Major Operating Enterprises. No significant ESG risk management issues were identified.

The Company's management evaluates the risk management and internal control system each year. Firstly, each of the subsidiaries reviews and evaluates the design and actual operation of their organizational structure, development strategy, human resource, corporate culture, social responsibility and so on. Secondly, the Company reviews the internal control of such companies by examining the risk identification and analysis and solutions taken, as well as reviewing and verifying the design and operation of relevant control measures on such as financing activities, asset management, purchase, sales, research and development, engineering project, guarantees, outsourcing, overall budget and contract management.

If any potential loophole is noted and recognized, the Company will put forward proposals, requiring relevant companies to enact or revise their rules and rectify the loophole within a specified period. Appraisal of the internal control environment will be carried out each year. Continuous improvements can strengthen the Company and its subsidiaries' internal control and reduce the possibility of risk occurrence.

During this year, the Company and its subsidiaries had inspected whether or not the risk management and internal control system is effective, and reviewed and restructured the internal rules and systems to confront the potential operational, market and financial risks during daily operation. The inspection covered all major control levels including financial, operational, compliance and risk management control. It especially standardized the decision making on major issues, including important appointment and removal, arrangement for material projects and use of large amount of funds.

The Company has established the *Rules on Administration of Information Disclosure Affairs* and was revised in 2024 to further improve the information disclosure management process in order to maintain sound corporate governance and duly fulfill information disclosure obligations of a listed company and protect the rights and interests of the Company and investors. The Company and its subsidiaries shall regularly monitor their transactions and identify whether the counterparty is a connected party or not. Where a possible notifiable transaction is identified, it shall report to the Company immediately. When a transaction is confirmed as a notifiable transaction, the Company Secretary will draw up disclosure documents as soon as possible, and publish an announcement upon obtaining approval from the Board of Directors.

During the period, employees who have become aware of the transaction shall bear the duty of confidentiality and may not disclose it to the public without authorization. The *Model Code for Securities Transactions by Employees* of the Company also provides that specific employees who are aware of or privy to any negotiations or agreements related to a notifiable transaction, connected transaction or any inside information must refrain from dealing in the Company's securities on the date as they become aware of them or privy to them.

The Board of Directors has considered and believed that the Company has sufficient resources, employee qualification and experience in executing accounting, financial reporting and internal audit functions, and ESG reporting and relevant employees have received sufficient and proper training.

The Company's management has provided the Board of Directors with a confirmation letter relating to the effectiveness of the risk management and internal control system. The Board of Directors believes that such risk management and internal control system was designed to manage rather than eliminate the risks arising from the failure to meet business objectives, and will only make a reasonable but no absolute guarantee shall there be no significant misrepresentation or loss to be incurred. Therefore, the Company believes it is sufficient to implement the current risk management and internal control system, but it will make necessary review and revision from time to time to meet the requirements of laws and regulations, the Listing Rules, and internal management so as to strengthen its risk management and internal control.

ACCOUNTABILITY AND AUDIT

The Directors are responsible for preparing the accounts of each financial year, which give a true and fair view of the state of affairs, the results and the cash flows of the Company and its subsidiaries for that period. In preparing the accounts for the year ended 31 December 2024, the Directors had selected suitable accounting policies and adopted Hong Kong Financial Reporting Standards and applied them consistently. Based on judgments and estimations that are prudent and reasonable, the Directors prepared the accounts on a going concern basis. Auditor's reporting responsibilities are set out on the financial statements by the auditor.

During 2024, the Directors were not aware of any material uncertainties relating to events or conditions which may cast significant doubt on the Company's ability to continue as a going concern. The Company aims at presenting a balanced, clear and comprehensive assessment of the Company's performance, position and prospects in all published documents such as announcements, circulars, interim reports and annual reports. The Company has announced its annual and interim results in a timely manner within the limits of 3 months and 2 months respectively after the end of the relevant period as laid down in the Listing Rules.

In 2024, the Company paid a total of approximately HK$3,776,000 to the auditor, of which included an audit fee of approximately HK$2,988,000 and a non-audit fee of approximately HK$788,000. The latter comprised fees for provision of services in reviewing interim report, results announcements, continuing connected transactions and taxation.

INVESTORS' RELATION

The Company did not amend its Articles of Association in 2024.

The information on the website of the Company will be updated in a proper and timely manner to maintain a quick, fair and transparent disclosure of its information.

The Board reviewed the effectiveness of the *Shareholders & Investors Communication Policy* in 2024 and considered it continues to be effective. The contents of the *Shareholders & Investors Communication Policy* are available for download from the websites of The Hong Kong Exchanges and Clearing Limited and the Company.

The Company's share registrar has been changed to Tricor Investor Services Limited with effect from 1 January 2025. For details, please refer to the announcement of the Company published on 3 December 2024.

The Company, when holding any general meeting, will propose a separate resolution for each material issue. No "bundling" resolution will be proposed, including nomination of each director.

Meanwhile, the Company, according to the requirements of Rule 13.39(4) of the Listing Rules, has set out clearly in the circulars to its shareholders that all resolutions to be made at general meetings would be conducted by poll. Besides, all proxies are counted and poll results are announced promptly at the meeting, of which the same will be uploaded in the websites of both The Hong Kong Exchanges and Clearing Limited and the Company on the same day.

The Company held an Annual General Meeting in June 2024. The circular for the meeting was sent beforehand as required by related rules. During the Annual General Meeting, the shareholders reviewed and approved the resolutions on the Company's financial results of 2023, the re-election of Directors, the fixing of Directors' remuneration, the re-appointment of auditor and authorization to the Board to fix the auditors' remuneration, and the general mandate granted to the Board to issue and repurchase shares. All proposed resolutions were approved by the shareholders.

The Company had set aside enough time for shareholders to raise questions and for Directors to respond in Annual General Meeting. The results of resolutions were verified by the share registrar, of which the same were uploaded in the websites of both The Hong Kong Exchanges and Clearing Limited and the Company respectively on the same day's afternoon.

SHAREHOLDERS' RIGHTS

Shall any shareholder of the Company demand the holding of an extraordinary general meeting for approval of any specific resolution, he/she may so demand in accordance to the requirements of Hong Kong Companies Ordinance and the Company's Articles of Association. And that shareholder or such shareholders shall hold not less than one-twentieth of the paid up share capital of the Company on the date of acquisition. The said requirements can be downloaded from the Company's website for reference.

Shall any shareholder intend to put forward suggestions in any general meeting or enquiries to the Board, he/she shall do so in written to the Company Secretary. The letter shall state clearly the identity of the shareholder, the number of shareholding, correspondence address and telephone number, and the related suggestions and enquiries. The Company shall, in a reasonable and practicable manner, pass the said matter to the Board or the President and respond it according to the situation.

In addition, the Company receives letters or phone enquiries from shareholders from time to time, the Company shall, in a reasonable and practicable manner, respond as quickly as possible. For matters concerning the Company's shares and basic information of announcements, enquiries shall be put forward to the email at comsec@casil-group.com while for matters concerning investor relations and enquiries from media, enquiries shall be put forward to the email at investor.relations@casil-group.com.

CHANNELS FOR THE DISSEMINATION OF CORPORATE COMMUNICATIONS TO SHAREHOLDERS

Corporate communications of the Company include circulars to shareholders, annual report (including the ESG report) and interim report, etc., all of which will be published on both the websites of Hong Kong Exchanges and Clearing Limited and the Company. Shareholders with registered email addresses will receive relevant notification by email when such corporate communications are published.

Shareholders may also obtain corporate communications in printed form from the Company upon request through the Company's share registrar, Tricor Investor Services Limited. Shall there be any queries regarding the dissemination of the corporate communications, shareholders may contact the Company's share registrar at (852) 2980 1333 or by email (casil-31-ecom@vistra.com).

SUFFICIENCY OF PUBLIC FLOAT

As at 31 December 2024, the issued share capital was approximately 3,085,022,000 shares, and the market capitalization was approximately HK$1,110,608,000.

As at 31 December 2024, the Company had a total of 956 registered shareholders. Since many other shareholders hold shares through Hong Kong Securities Clearing Company Nominees Limited in Hong Kong, the actual number of shareholders should be greater than the number of registered shareholders.

Among which, the major shareholder, China Aerospace Science and Technology Corporation Limited, holds a total of 1,183,598,636 shares (approximately 38.37%) of the Company's shares through Burhill Company Limited, of which 1,143,330,636 shares are registered in the name of Burhill Company Limited and the remaining 40,268,000 shares are held under the name of Hong Kong Securities Clearing Company Nominees Limited.

According to the public information obtained by the Company and to the best knowledge of the Directors, the Company complied with the sufficiency of public float of not less than 25% as required by the Listing Rules as of 31 December 2024.

DIVIDEND POLICY

The dividend policy reflects the Board's current view on the financial and cash flow positions of the Company and its subsidiaries. The Board will review the dividend policy from time to time, but the Company does not guarantee any payment of dividends in any specific amount at any designated period.

Pursuant to the Company's dividend policy, profit is shared with shareholders in the form of dividend or other forms. Dividend payout ratio for each year is determined based on the then profit attributable to shareholders for the year (after deducting non-cash flow items such as the increase in fair value of investment properties, minority interests and depreciation), and is subject to the following conditions:

1. Dividend distribution by the Company is subject to the laws of Hong Kong and relevant provisions of the articles of association of the Company;

2. Dividend distribution by the Company depends on, among others, the prevailing and future operation, liquidity position and capital requirements of the Company and its subsidiaries;

3. The form, frequency, timing and amount of dividend distribution depend on the operation and profit, capital requirements and surplus, financial position and contractual constraints of the Company and its subsidiaries, as well as other factors affecting the Company and its subsidiaries, including the appropriation of dividend tax payment by subsidiaries and foreign exchange conditions, if applicable;

4. Other factors deemed fit by the Board; and

5. Dividend distribution by the Company is subject to the approval by shareholders at the general meeting.

STAFF GENDER DIVERSITY

As at 31 December 2024, the Company and its subsidiaries had a total of 7,009 employees (including senior management) (31 December 2023: 7,208) located in the Mainland China, Hong Kong and Vietnam.

The total number of employees (including senior management) and the gender ratio are as follows:

	31 December 2023		**31 December 2024**	
	Total Persons	Percentage	**Total Persons**	**Percentage**
Male	4,239	58.81%	**4,301**	**61.36%**
Female	2,969	41.19%	**2,708**	**38.64%**
	7,208	100.00%	**7,009**	**100.00%**

As at 31 December 2024, the gender ratio of male to female employees of the Company and its subsidiaries was 61.36%: 38.64% (31 December 2023: 58.81%: 41.19%). The Company and its subsidiaries will continue the current employment policy in the coming year, without favoring any particular gender, and will endeavor to maintain a balanced gender ratio.

1. BOARD OF DIRECTORS' GOVERNANCE STATEMENT ON ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Board of Directors (the "Board") of the Company continues to oversee relevant Environmental, Social and Governance ("ESG") issues, ensuring ongoing compliance with local laws and regulations in operational territories while safeguarding stakeholder interests. Through the implementation of stringent quality control measures and cost management initiatives embedded throughout the strategic operational framework, the Company is committed to minimizing environmental impacts in production processes. The Company focuses on advanced manufacturing and modern service industries as its core capabilities, and is committed to promoting technological innovation and professional manufacturing. The Company also focuses on providing high-quality and high-efficiency supply chain and industrial chain services, providing customers with professional, efficient, safe and environmentally friendly products and services, and is committed to becoming an international enterprise with significant innovation capabilities and continuous value creation for customers.

The Company collects environmental, social and governance information on a regular basis through different functional departments and working groups, and then consolidates and analyses such information. At the board meeting, board members will review ESG performance disclosed in the report, regarding the status of suitability and compliance with our business strategy and identifying the sustainability topics being material to the Company and stakeholders, so as to make appropriate decisions and adjust the relevant strategies as necessary. The Company has established an Environment, Social and Governance Committee (the "ESG Committee") since 2021, comprising Mr Wang Hui (Chairman) (appointed on 23 July 2024), Mr Zhou Limin (Chairman) (resigned on 23 July 2024), the Chairman and Executive Director; Mr Liu Yong (appointed on 14 February 2025) and Mr Hua Chongzhi (resigned on 14 February 2025), Non-Executive Director, and Mr Luo Zhenbang, an Independent Non-Executive Director. The ESG Committee has set up an ESG Working Group, which is composed of the senior management as the leader, and management personnel of the relevant companies within the reporting scope as members, to assist in performing the above work and responsibilities, and regularly reports to the ESG Committee and the Board on relevant policies, measures, project progress, objectives and effectiveness. The Board receives regular reports to understand the effectiveness of the ESG plan and understands the potential impact of ESG issues on the Company's business model and related risks. After consideration and review, the management of the Company has confirmed to the Board that the Company's ESG policy continues to be effective.

The Company has always attached great importance to the communication and interaction with stakeholders. During the reporting period, the ESG Committee and the ESG Working Group have conducted a questionnaire survey on ESG stakeholder engagement to collect opinions from Directors, employees, suppliers and customers respectively, so as to assist the Board and the management to understand the current ESG performance. Through the survey, material issues would be identified with the results of the materiality assessment, which enables the Company to establish strategic sustainability priorities and refine its governance for the sustainability. The Company aims to benchmark the findings from stakeholder engagement surveys against market standards and expectations, thereby optimizing relevant sustainable development policies in the future to meet the needs of stakeholders. The results of the materiality assessment reflected that "product quality", "product safety" and "product innovation" are the three most important ESG aspects of the Company.

On the other hand, the Board is responsible for evaluating and determining the Company's ESG-related risks, and ensuring that the Company establishes appropriate and effective ESG risk management, internal control systems and countermeasures. After taking into account historical operating experience, industry trends and cost analysis, the Directors also reflected their opinions on the degree of risks brought to the Company by different environmental, social and governance issues. After analysis, the issues were prioritized, among which the risks of "product safety" and "product quality" were the highest. The Board will take corresponding measures in response to the analysis results, continuously improve the Company's environmental, social and governance performance in response to the above identified material issues and related risks, and make disclosures in the annual report.

The Board fully recognizes the importance of establishing ESG-related performance targets to ensure sustainable corporate growth and the fulfillment of corporate responsibilities. As an enterprise operating in both the manufacturing and service sectors, our daily production and operational processes inevitably involve energy and water consumption, consequently generating emissions and waste. The Company will enhance its ESG performance, reduce environmental impact, and promote sustainable resource management by setting clear and measurable performance targets. The Board also fully understands the growing global emphasis on sustainable development, and we remain firmly committed to integrating ESG considerations into the Company's long-term strategic planning. In the face of operational challenges including evolving market conditions, tightening regulatory requirements, and intensifying industry competition, we will steadfastly uphold our sustainability commitments. The Board will continue to lead the ESG Committee and ESG Working Group in proactively addressing material ESG issues, ensuring that the Company's sustainable development strategy aligns with industry best practices and stakeholder expectations.

The core focus of the Company's ESG efforts lies in setting and implementing measurable targets to advance sustainable business operations. We will rigorously monitor and manage the KPIs related to environmental impacts, including total emissions, waste generation, and energy and water consumption efficiency. To achieve these objectives, we will establish comprehensive management systems by adopting industry-leading environmental practices and deploying innovative technologies to enhance operational efficiency and minimize waste. In addition, we will conduct regular performance evaluations to track progress against ESG goals and ensure continuous improvement. Through these initiatives, the Company is dedicated to strengthening sustainable development capabilities, delivering long-term value to stakeholders, and generating measurable positive impacts on environmental and social systems.

2. CORPORATE AND REPORT BASIC INFORMATION

2.1 PRINCIPAL BUSINESS

The Company and its subsidiaries mainly engage in the research and development, design, specialized production, sales and services of plastic products, semiconductor products, electronic products and power products, as well as the operations of Shenzhen Aerospace Science & Technology Plaza, with its principal place of business in Mainland China and Hong Kong.

The turnover of the hi-tech manufacturing is the main source of the Company's turnover and that contributes a significant profit and operating cash flow of the Company. Asset management of Shenzhen Aerospace Science & Technology Plaza also brought in constant rental income for the Company. The Company will continue to identify and implement the development of new business opportunities in order to optimize its industrial chain and reduce the risks associated with its business operations.

2.2 ABOUT THIS REPORT

This Environmental, Social and Governance Report (the "Report") discloses the performance of the Company in respect of environmental, social and governance issues from 1 January 2024 to 31 December 2024.

This Report has been prepared in accordance with the requirements of the mandatory disclosure rules and "comply or explain" provisions set out in the "Environmental, Social and Governance Reporting Guide" in Appendix C2 to the Rule Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

2.3 SCOPE OF REPORTING

Unless otherwise stated, the Report identifies the reporting scope based on the principle of materiality, and considers the core business, main income sources and the relationship between the business and the environment and society. The ESG performance, policies and management measures disclosed in the Report include a number of major technology industrial enterprises established in Mainland China, including Chee Yuen Plastic Products (Huizhou) Company Limited ("Huizhou Chee Yuen"), Conhui (Huizhou) Semiconductor Company Limited ("Conhui Semiconductor"), Dong Guan Hong Yuen Electronics Co., Limited ("Dong Guan Hong Yuen"), and Huizhou Jeckson Electric Company Limited ("Huizhou Jeckson"), which are responsible for the manufacturing and sales of plastic products, semiconductor products, electronic products and power supply products (hereinafter referred to as the "Major Industrial Enterprise(s)"), where revenues and profits of respective Major Industrial Enterprise accounted for a significant portion of their respective businesses, as well as an indirect subsidiary of the Company established in Mainland China, Shenzhen Aerospace Technology Property Management Company Limited ("Aerospace Property Management"), responsible for the property management of Shenzhen Aerospace Science & Technology Plaza, and all companies are collectively referred to as the "Major Operating Enterprises".

2.4 PRINCIPLE OF REPORTING

This Report follows "Environmental, Social and Governance Reporting Guide", Appendix C2 to the Listing Rules and applies the following principles:

Materiality: In order to identify and assess material issues that have an impact on business stakeholders, the Company conducted a substantive assessment through a number of communication activities with business stakeholders to determine the environmental, social and governance issues that have a significant impact on investors and other stakeholders.

Quantitative: Quantitative principles are applied to all information in this Report, with performance indicators clearly defined and with units of measurement clearly indicated.

Balance: The information in this Report has been derived from the internal statistics and internal communication documents of the Company and does not contain any false statements and misleading representations and we are responsible for the truthfulness, accuracy and completeness of the contents.

Consistency: The Company reports in accordance with "Environmental, Social and Governance Reporting Guide", Appendix C2 to the Listing Rules in reporting. If there are any changes that may affect the comparison with previous reports, a note will be added to the corresponding content of the Report.

Unless otherwise stated, the data for 2023 and 2024 in this Report adopts the same calculation method and is thus sustainable and comparable.

3. COMMUNICATION WITH STAKEHOLDERS AND ASSESSMENT OF MATERIAL ISSUES

Stakeholder engagement helps the Company review potential sustainability risks and opportunities and has a significant impact on the Company's strategic development. Therefore, the Company strives to adopt the opinions of stakeholders (including shareholders, employees, suppliers, customers and the public) and protect their interests through various constructive communication methods, and regularly reviews them to determine the long-term development direction of the Company and maintain a close relationship with them.

During the reporting period, in order to more clearly identify the environmental, social and governance issues of importance to the Company and all Major Operating Enterprises and stakeholders, we conducted a stakeholder communication exercise and a substantive assessment in which management, internal and external stakeholders participated in a questionnaire survey. The assessment process was conducted with reference to the "Environmental, Social and Governance Reporting Guide" and in accordance with the following steps:

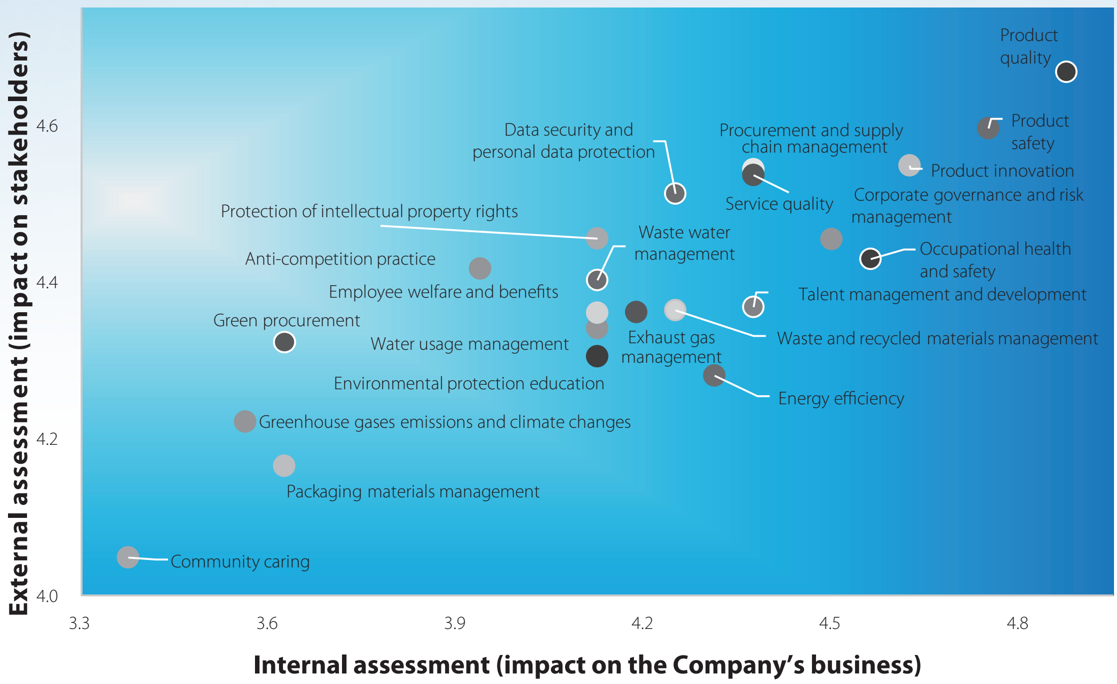
Step 1 Identify the material issues	Based on factors such as the Company's development strategy, industry development trend, capital market requirements and regulatory issue, the Company and its ESG Committee conducted an internal assessment first and identified 22 material sustainability issues, covering four major aspects, namely environment, employment and labour practices, operating practices and community investment.
Step 2 Collect the opinions from stakeholders	Regarding the identified material issues, the Company collected feedback from internal and external stakeholders through questionnaires and assessed the importance of each relevant issue.
Step 3 Determine the material issues	The materiality of each issue was determined by two factors, namely its importance to stakeholders and our impact on the issue, and a materiality matrix was developed with reference to the assessment results.
Step 4 Acknowledge the assessment results	The ESG Working Group reports the assessment results to the ESG Committee, and the Board of Directors reviews and approves the final materiality assessment results and follows up.

By analysing the results of the questionnaire survey, the Company and the Major Operating Enterprises were ranked in different areas among the 22 relevant issues as follows:

Environmental Protection	Employment and Labour Practices	Operational Practices	Community Investment
1. Greenhouse gases emissions and climate changes	10. Employee welfare and benefits	13. Procurement and supply chain management	22. Community caring
2. Exhaust gas management	11. Occupational health and safety	14. Product quality	
3. Waste water management	12. Talent management and development	15. Product safety	
4. Waste and recycled materials management		16. Product innovation	
5. Packaging materials management		17. Service quality	
6. Energy efficiency		18. Data security and personal data protection	
7. Water usage management		19. Corporate governance and risk management	
8. Environmental protection education		20. Protection of intellectual property rights	
9. Green procurement		21. Anti-competition practice	

Based on the above assessment process, the materiality of each issue to the Company's business and the importance of stakeholders were considered, and the results of the substantive issue analysis were obtained, as shown in the materiality matrix below (description from 0 to 5, with 5 being the highest score, i.e. the most important one):

Materality Matrix



For the substantive issues identified in the assessment, the Company and all Major Operating Enterprises have taken corresponding measures, which are detailed in the subsequent sections of this Report. The Company will continue to review and formulate corresponding ESG policies, strategies and objectives, and formulate appropriate response measures and control procedures. At the same time, the Company also continued to strengthen communication with stakeholders and optimize the disclosure of the ESG Report, with a view to continuously improving our ESG performance and enhancing the value and competitiveness of the Company in the future.

4. ENVIRONMENT

4.1 EMISSIONS AND POLLUTION PREVENTION

In order to improve the Company's performance in the field of environmental protection, all Major Operating Enterprises have established comprehensive management systems, including energy management systems, pollutant discharge and waste management control procedures and hazardous chemicals safety management systems, according to the needs of different industries and relevant standards and rules, and strictly abide by relevant laws and regulations in Mainland China on waste collection, pollutant discharge, and noise emission. These management systems are formulated and implemented by the management of relevant company. In order to ensure that the treatment of exhaust gas, waste materials and wastewater meets the requirements of the environmental protection department of the local government, the Company actively optimize the treatment methods of emissions. All exhaust gas is adsorbed and filtered by water, and only discharged after meeting the emission standards. The waste generated is separated by different labelled trash cans for unified treatment, and domestic waste is handed over to the environmental sanitation management office for treatment. In addition, all Major Operating Enterprises declared hazardous waste through the dedicated webpage of local environmental protection bureaus, and engages companies with hazardous waste recycling licences for recycling. Qualified waste recycling companies are also selected for general waste treatment. Wastewater is reused through the reclaimed water facilities of the treatment system to increase the water reuse rate and reduce the discharge of wastewater. Meanwhile, all Major Operating Enterprises have engaged qualified professional institutes to test whether the level of noise, exhaust gas and wastewater emissions complying with the standards, and to treat and recycle various types of industrial hazardous waste to lower waste generation and minimize environmental impacts, so as to control and reduce the pollution to the community as much as possible.

All Major Operating Enterprises of the Company attach great importance to the proper treatment of emissions and strictly abide by the relevant laws and regulations on environmental protection. The business of the Major Industrial Enterprises covers the production and sales of plastic products, semiconductor products, electronic products and power supply products, which consume electricity, water resources and various materials in the daily production process, and generate various pollutants, wastes and noise. The principal business of the Aerospace Property Management is to provide property management services for Shenzhen Aerospace Science & Technology Plaza, and its main emissions include exhaust gas, domestic waste and other wastes. The management of emissions and wastes is the most important area for all Major Operating Enterprises. As there is a serious violation of the laws and regulations on environmental protection, it may be required by the government to rectify and impose fines or even compulsory suspension of business, which will affect the progress of production and will have a material adverse effect on the overall results of the Company.

All Major Operating Enterprises must comply with the relevant laws and regulations relating to exhaust gas and greenhouse gases emissions, discharges into water and land, and generation of hazardous and non-hazardous waste, and formulate corresponding management measures. It includes laws and regulations as follows: "The Atmospheric Pollution Prevention and Control Law" aims to protect and improve the environment, prevent and control atmospheric pollution, and safeguard the health of the general public; "The Energy Conservation Law" aims to promote energy conservation in the whole society, enhance energy utilisation efficiency, improve the environment, and promote comprehensive, coordinated and sustainable economic and social development; "The Cleaner Production Promotion Law" aims to reduce the generation of pollutants by raising the efficiency of utilisation of resources, safeguard the health of the general public, and promote the sustainable development of economy and society; "The Environmental Protection Tax Law" levies environmental protection tax on enterprises and other manufacturers and operators who directly emit pollutants to the environment for the purpose of reducing pollutant discharges; "Law on Prevention and Control of Environmental Pollution by Solid Waste" aims to prevent and control environmental pollution by solid wastes, protect the ecological environment, safeguard the health of the general public , promote modern ecological construction, as well as achieve the sustainable development of the economy and society; "The National Hazardous Waste Inventory" is applied to determine the categories of the solid wastes mixing hazardous wastes and other substances, as well as the nature of such wastes upon the utilisation and disposal; "The Law on Prevention and Control of Pollution from Environmental Noise" aims to prevent and control environmental noise pollution, improve the living environment, safeguard the health of the general public and promote economic and social development. In addition, all Major Operating Enterprises has undertaken to strictly comply with the regional laws and regulations relating to environmental protection in the areas where such enterprises are located.

All Major Operating Enterprises of the Company will identify emission sources, and collects and tabulates emission data on a monthly basis, as well as formulating the corresponding management plan and emission reduction plan, such as, the updated version of "2024 Greenhouse Gas Emission Inventory and Emission Reduction Program", "Annual Energy Management Plan for 2024" and "2024 Hazardous Waste Management Program". Several enterprises have also set specific targets, such as reducing greenhouse gases emissions by 3% compared to the previous year, reducing electricity consumption by 3%, and recycling 10% of wastes originally scheduled to be sent to landfills. The main exhaust gas discharged by the Company's Major Industrial Enterprises in the production process includes nitrogen oxide, hydrogen chloride and particulate matter. Several enterprises engaged third parties to measure the emissions. Overall, emissions have increased in 2024 as compared to that of 2023, mainly due to the increase in orders of several enterprises, which led to an increase in production volume and output value for the year. Nevertheless, with the implementation of various emission reduction measures, the emission intensity could still be maintained at a level similar to that of the previous year.

In waste management, the generation of non-hazardous waste decreased compared to that of 2023, while the generation of hazardous waste increased. The discharge of hazardous waste primarily originated from Dong Guan Hong Yuen. During the year, Dong Guan Hong Yuen had an increase in production volume and heightened client requirements for product quality, leading to greater usage of specialized chemical agents. A portion of these agents required disposal as hazardous waste, thereby contributing to an overall rise in waste emissions. Additionally, Huizhou Chee Yuen has increased maintenance frequency for its exhaust gas treatment equipment and the dismantling of outdated systems, resulting in higher volumes of waste such as activated carbon. To continuously improve hazardous waste management, Dong Guan Hong Yuen conducted regular evaluations of emission reduction measures throughout the year and enhanced maintenance of critical equipment to ensure the long-term stable operation of its film residue dewatering system. At the same time, by optimizing production processes and upgrading equipment efficiency, the facility significantly reduced film residue generation, thereby controlling hazardous waste emissions and maintaining emission intensity at the similar level as compared to the previous year.

The Company's greenhouse gas emissions primarily stem from purchased electricity and fuel combustion. To fulfil corporate responsibilities in environmental protection and reduce emissions, the Company persistently implements emission reduction and energy conservation measures. Consequently, despite increased energy consumption during the year, greenhouse gas emissions were moderately controlled, with emission intensity declining compared to the previous year. Throughout the reporting period, waste, pollutant, and noise discharges from all Major Operating Enterprises largely complied with relevant legal standards. There were no material breaches of environmental protection regulations or incidents causing significant adverse environmental impacts.

In 2024, the KPIs for all Major Operating Enterprises of the Company relating to the emissions are in general as follows:

Emissions	Emissions in 2023	**Emissions in 2024**	**Unit**
Sulphur oxides	10.39	**13.39**	kg
Intensity	*0.0041*	***0.0049***	*kg/RMB million output value*
Nitrogen oxides	691.26	**576.40**	kg
Intensity	*0.27*	***0.21***	*kg/RMB million output value*
Hydrogen chloride	2,514.78	**2,756.48**	kg
Intensity	*0.99*	***1.01***	*kg/RMB million output value*
Particulate matter	5,388.73	**5,526.19**	kg
Intensity	*2.12*	***2.03***	*kg/RMB million output value*

Greenhouse Gases	Emissions in 2023	**Emissions in 2024**	**Unit**
Direct (Scope 1)	692.79	**729.13**	tonnes of carbon dioxide equivalent
Energy indirect (Scope 2)	103,765.05	**95,764.46**	tonnes of carbon dioxide equivalent
Intensity	*41.09*	***35.47***	*tonnes of carbon dioxide equivalent/RMB million output value*

Hazardous Waste	Emissions in 2023	Emissions in 2024	Unit
Hazardous waste produced	3,400.42	**4,057.35**	tonne
Intensity	*1.34*	***1.49***	*tonne/RMB million output value*

Non-hazardous Waste	Emissions in 2023	Emissions in 2024	Unit
Non-hazardous waste produced	3,486.95	**3,234.33**	tonne
Intensity	*1.37*	***1.19***	*tonne/RMB million output value*

The Company is committed to continuously reducing various types of emissions in the future and will disclose key performance indicators such as exhaust gases emissions, greenhouse gases emissions, and waste generation in its annual reports to demonstrate the effectiveness of our approach and commitment to implementing this policy.

4.2 RESOURCE CONSUMPTION

The Company is fully aware that the business operations of all Major Operating Enterprises rely on natural resources such as water and various materials, which are limited and non-renewable on the planet. Therefore, to achieve a balance between corporate development and environmental protection, we continuously adjust our development strategies and are committed to exploring green operation models that effectively reduce resource consumption. The Company actively promotes the formulation of energy management plans by all Major Operating Enterprises, setting annual energy targets with the aim of reducing dependence on natural resources and minimising environmental impact while pursuing business growth. To achieve emission reduction goals, we have implemented a series of energy-saving measures, including optimizing the use of fuel, energy, water, and other raw materials. We prioritize the use of renewable energy and the reuse of materials whenever possible. For example, some enterprises have set annual targets, such as reducing total electricity or water consumption by 3% compared to the previous year. Since the beginning of 2019, the Company and its subsidiaries have fully adopted an office automation system, allowing employees to access system functions according to their permissions, including internal document processing, file distribution, information dissemination, and review of rules and regulations. This initiative has not only shortened document transmission time but also significantly reduced paper usage. In addition, we encourage employees to minimise the consumption of natural resources and adopt energy-saving measures. Through training and awareness campaigns, we aim to enhance energy efficiency among employees. We also require all subsidiaries to strictly comply with environmental protection regulations to ensure adherence to relevant requirements during production and operations. All Major Operating Enterprises have further strengthened employee education on energy conservation and environmental awareness, implementing target management for water and electricity usage. Some enterprises have adopted rainwater collection systems, utilizing the collected water for cleaning and landscaping purposes, thereby significantly reducing the demand for freshwater resources.

In addition, the Company has undertaken a large-scale replacement of lighting systems with LED energy-saving lamps and regularly phased out obsolete technologies and high energy-consuming equipment to progressively reduce energy consumption. During the year, Aerospace Property Management renewed the Electricity Optimization and Power Supply Equipment Maintenance Contract for Aerospace Science & Technology Plaza, continuing to advance electricity optimization initiatives aimed at further lowering energy usage. At the same time, in terms of electricity supplying approach, high-demand electricity usage has been adopted to replace traditional high-consumption electricity usage, with monthly aggregate electricity consumption statistics being compiled and analysed to identify and promptly address anomalies. In public areas, automatic switching devices and lighting systems are widely employed, while indoor temperatures are adjusted according to outdoor conditions to minimize unnecessary resource consumption and environmental impact. During the year, increased export volumes of battery products, coupled with non-recyclable pallets and stricter client requirements for pallet durability, contributed to an overall rise in packaging material usage. We are committed to enhancing material utilization efficiency and recycling rates, rigorously reducing the use of disposable items, and prioritizing reusable packaging materials to curtail waste.

The Company is committed to exploring and implementing effective green operational models, striving to reduce the consumption of natural resources, mitigate environmental pollution, and steadily advance towards the goal of achieving sustainable development.

In 2024, the KPIs for the Company relating to the use of resources are in general as follows:

Type of Energy	Consumption in 2023	**Consumption in 2024**	**Unit**
Non-renewable fuel (Direct)			
— Liquefied petroleum gas	33.2	**33.5**	Thousand kWh
— *Intensity*	*0.01*	***0.01***	*Thousand kWh/RMB million output value*
— Natural gas	1,735.8	**1,648.1**	Thousand kWh
— *Intensity*	*0.68*	***0.61***	*Thousand kWh/RMB million output value*
— Environmental-friendly fuel	0	**0**	Thousand kWh
— *Intensity*	*0*	***0***	*Thousand kWh/RMB million output value*
— Gasoline	560.6	**529.0**	Thousand kWh
— *Intensity*	*0.22*	***0.19***	*Thousand kWh/RMB million output value*
— Diesel	221.2	**190.28**	Thousand kWh
— *Intensity*	*0.09*	***0.07***	*Thousand kWh/RMB million output value*
Purchase of energy (Indirect)			
— Electricity	144,053.4	**159,725.4**	Thousand kWh
— *Intensity*	*56.67*	***58.71***	*Thousand kWh/RMB million output value*
Intensity of energy consumption	*57.67*	***59.59***	*Thousand kWh/RMB million output value*

Water Consumption	Consumption in 2023	**Consumption in 2024**	Unit
Total water consumption	1,185,683	**1,254,746**	tonne
Intensity	*466.42*	***461.17***	*tonne/RMB million output value*

Packaging Materials	Consumption in 2023	**Consumption in 2024**	Unit
Total packaging materials used	4,059.8	**4,745.3**	tonne
Intensity	*1.60*	***1.74***	*tonne/RMB million output value*

4.3 ENVIRONMENTAL AND NATURAL RESOURCES MANAGEMENT SYSTEM MEASURES

The Company and all Major Industrial Enterprises actively commit to protecting the natural environment and advancing sustainable development, upholding the pledge to respect and safeguard biodiversity across all operational activities. We strictly monitor the whole cycle of production and operation. Through conducting environmental and social impact assessments, tailored protective measures are established to minimise disruptions and damage to surrounding land and wildlife habitats. The Company fully recognizes the significance of biodiversity conservation and habitat restoration, striving to mitigate impacts on local ecosystems and biodiversity to the greatest extent practicable during production and operations.

The daily operations of all Major Operating Enterprises exert varying degrees of environmental impact. Industrial enterprises primarily generate exhaust gases, including sulphur oxides, nitrogen oxides, hydrogen chloride, and particulate matter, alongside greenhouse gases such as carbon dioxide, as well as wastewater and solid waste. The environmental footprint of the Aerospace Property Management is predominantly manifested in emissions of exhaust gases and greenhouse gases, generation of domestic waste, and consumption of electricity, water resources, and materials. To address operational impacts on the environment and biodiversity, all Major Operating Enterprises have comprehensively assessed the consequences of their activities and identified associated environmental factors. Through scientific analysis, these environmental impacts are prioritised to determine critical factors requiring focused attention. Targeted measures have been implemented, including the optimization of manufacturing technologies, compliance with regulations (such as adhering to government-mandated round-the-clock monitoring of wastewater discharge volumes and pH levels), reduction of pollutant emissions, promotion of resource recycling, establishment of emergency management plans, and setting of specific emission reduction targets, ensuring effective control of environmental impacts. Meanwhile, some enterprises conduct internal environmental awareness initiatives, such as hosting thematic seminars and providing tailored environmental protection training for new employees, to enhance staff accountability for environmental protection. All Major Operating Enterprises undergo annual internal environmental assessments to verify the effective implementation of measures. To minimize operational impacts on ecosystems and natural resources, these enterprises have obtained ISO 14001 environmental management system certification and engage third-party organization for periodic reviews. Through structured management and continuous improvement processes, environmental impacts are systematically monitored within acceptable thresholds, driving sustained enhancements in environmental performance.

4.4 CLIMATE CHANGE

The Company attaches high priority to climate change issues and proactively implements effective measures to reduce greenhouse gases emissions from business operations in line with the national strategy to cope with climate change. We fully understand the potential risks posed by climate change to our operations. Therefore, we have conducted a comprehensive climate risk assessment and formulated specific action plans. Since 2021, the Company's Major Industrial Enterprises have formulated policies documentation such as the "Emergency Plan for Natural Disaster Accidents", "Emergency Plan for Environmental Emergencies" and "Emergency Preparedness and Response Control Procedures" and have regularly reviewed the implementation of relevant measures, so as to better cope with the challenges of severe weather and emergencies.

The Company's operations necessitate the management of diverse climate-related risks, including acute and chronic physical risks such as typhoons, floods, extreme temperatures and rising sea levels. To effectively address these challenges, the Major Operating Enterprises have implemented a series of measures, including regular inspection of emergency materials and equipment, reinforcement of building structural integrity, assessment of safety in outdoor working environments, provision of specialised response training, deployment of flood control sandbags, and installation of flood control gates in car parks. Simultaneously, the Company closely monitors transitional climate risks arising from the shift toward a low-carbon economy, including changes in policies and regulations, technological innovations, and market dynamics, to flexibly adjust resource allocation and address potential challenges and opportunities. During the year, the Company engaged professional organizations to provide training on climate change issues to Directors, management, and the ESG Working Group. We will continue to strive to reduce the climate impact of our operations, actively explore innovative solutions, and advance sustainable development. Furthermore, we value collaboration with stakeholders to jointly address climate change, endeavour to contribute to environmental protection and societal progress, and forge a green and sustainable future.

5. SOCIAL

EMPLOYMENT AND LABOUR PRACTICE

5.1 EMPLOYMENT-RELATED EMPLOYEE RIGHTS AND LABOUR STANDARDS

Human resources are an important cornerstone for the sustainable development and business vitality of the Company. We recognize the importance of human resources to corporate development and has always insisted on ensuring all employees are treated fairly since the establishment of the company. The Company respects every employee and unites diverse cultures. At the same time, the Company attaches great importance to the diversified development of employees, and ensures that all employees are respected and treated with dignity. Subject to regulations and based on actual needs, the Company and its subsidiaries have put in place various benefits, including but not limited to labour protection for female workers and underage workers, adequate protection of staff's work and rest time, paid annual leaves and occupational injury management.

All Major Operating Enterprises must comply with the laws and requirements related to employment, mainly the "Labour Law of the People's Republic of China", "Labour Contract Law of the People's Republic of China", "Provisions on Prohibition of Using Child Labour" and "Protection System for Women Labour and Underage Labour", as well as regulations related to employment at the place where the companies are located at.

"The Labour Law of the People's Republic of China" aims to protect the legitimate rights and interests of labourers, readjust labour relationship, establish and safeguard the labour system suiting the socialist market economy, and promote economic development and social progress. "The Labour Contract Law of the People's Republic of China" aims to improve the labour contractual system, clarify the rights and obligations of both parties of labour contracts, protect the legitimate rights and interests of labourers, and establish and develop a harmonious and stable labour relationship. "The Provisions on Prohibition of Using Child Labour" protects the physical and psychological health of the minors, promotes the implementation of compulsory education system and safeguards the legitimate rights and interests of the minors. "The Protection System for Women Labour and Underage Labour" aims to enhance the protection of women labour and the minors.

The Company and its subsidiaries provide employees with reasonable remuneration, appropriate medical insurance and other insurance, so that employees can work in a stable environment. Equal promotion opportunities are given to all employees and their remuneration is determined based on their qualifications, experience and work performance, taking into account the relevant industry practices. In addition, a sound dismissal policy is in place, which is carried out in a fair and reasonable manner in accordance with the requirements of the current employment compensation regulations, and strictly complies with relevant local labour laws.

In 2024, all Major Operating Enterprises generally complied with the legal requirements and did not have material violations of the legal requirements related to employment. Also, no incident exerting material adverse impact was noted.

In 2024, the number of employees of the Company by different categories are in general as follows:

Category	2023	2024
By gender		
Male	3,267	**3,321**
Female	2,176	**2,236**
By employment category		
Full-time	5,442	**5,557**
Part-time	1	**0**
By age group		
18 to 30	2,009	**1,954**
Above 30	3,434	**3,603**
By geographical region		
Mainland China	5,443	**5,557**
Other than Mainland China	0	**0**

The turnover rate of employees[1] of the Company by different categories are in general as follows:

Category	2023	2024
By gender		
Male	20.63%	**23.74%**
Female	13.56%	**12.61%**
By age group		
18 to 30	19.88%	**22.13%**
Above 30	14.30%	**14.23%**
By geographical region		
Mainland China	32.74%	**36.35%**
Other than Mainland China	Not Applicable	**Not Applicable**

In 2024, the total number of employees and the turnover rate of employees are similar to those of the previous year. The Company regularly reviews the situation of employees, analyses the results, and makes timely adjustments to human resources management policies. At the same time, in accordance with the Company's business development direction, the Company provides employees with development platforms and career guidance in various aspects, including inter-departmental position competition and priority right for recruitment, and enhanced incentive measures to give employees a sense of security.

1 Due to the nature of the industry, the employee turnover rate in this Report is calculated as the number of employees leaving the company/(total number of employees + total number of employees leaving the company) * 100%.

The Company and its subsidiaries rigorously enforce employment contracts that strictly adhere to statutory provisions, safeguarding the reciprocal rights and obligations of both employers and employees. The company prohibits forced labour and implements a voluntary employment system, safeguarding employees' rights and dignity. We provide employees with a practical framework, implementing stringent measures and policies to prohibit forced labour and safeguard employees' welfare. By adhering to these principles, the company fosters a culture of respect, fairness, and transparency, establishing ethical employment standards. The Company remains committed to upholding employees' rights and pledged to create a pleasant and equitable work environment.

The Company and its subsidiaries attach great importance to the compliance of labour standards and expressively stipulate that no child labour of less than 16 years old will be employed and endeavour not to employ child labour by accident, and will not support the practice of employing child labour by other companies or social groups. Currently, all staff are 18 years old or above.

According to the recruitment policy of the Company, staff of the human resource department of all Major Operating Enterprises must carry out a strict inspection of the personal documentation of candidates during recruitment, and to verify their photos to confirm it is the candidate himself/herself before such application can be registered. The candidate must fill in a registration form and staff of the human resource department will check the information filled in by the candidate and verify the information in the registration form if necessary. Upon discovering any violations, the Company will address them immediately. Committed to eradicating child Labour issues, the Company proactively works to foster an inclusive work environment that respects all human rights and promotes well-being through preventive measures and systematic monitoring practices.

In 2024, all Major Operating Enterprises generally complied with the legal requirements and did not have material violations of the legal requirements related to labour protection. Also, no incident exerting material adverse impact and no significant labour disputes were noted. As at 31 December 2024, all Major Operating Enterprises had a total of 5,557 employees (31 December 2023: 5,443 employees).

5.2 EMPLOYEE HEALTH AND SAFETY

The Company places the health and safety of employees as the top priority. Our goal is to create a healthy, safe, and comfortable working environment for employees, striving to identify and eliminate potential hazards through comprehensive safety management measures, ensuring the protection for the health and safety of employees during work operations. Therefore, we continuously strive to improve our occupational health and safety management system to ensure the safety and health of our employees at work. We are committed to continuous improvement and innovation to ensure that all hazard sources are properly assessed and managed, and clear safety operating procedures and methods are in place. We attach great importance to the management of safety performance and regularly evaluate and assess the effectiveness of safety measures.

All Major Operating Enterprises have established a complete occupational health and safety management system, including the methods for the evaluation, treatment and management of hazard sources, the formulation of various safety operation procedures and methods, and the corresponding safety performance management methods. In addition, individual industrial enterprises also implement the management system of SA8000 (Social Responsibility Standard). In order to ensure the effective implementation of these methods, all Major Operating Enterprises have established a production safety management committee to conduct regular supervision and inspection. For instance, the production safety management committee conducts monthly tracking of workforce injury/fatality, minor incident, major fire incident, and safety hazard rectification rate, while implementing annual assessments on certification compliance rate for specialized operations and occupational disease incidence. At the same time, the Human Resources Department monitors monthly attainment rates for three-tier safety education certification across all employee levels. In addition, individual industrial enterprises are required to evaluate hazard sources once a year, regularly train all safety operation procedures, conduct emergency plan management and drills, and evaluate and assess safety performance. The third-party audits on the occupational health and safety management system are conducted on an annual basis to improve the Company's management standard of the occupational health and safety. We are committed to providing a safe working environment to ensure that employees are able to perform their job duties under safe conditions. All Major Operating Enterprises will provide employees with body check on a regular basis, and new employees will receive pre-employment training and can only be recruited after they have passed the assessment.

All Major Operating Enterprises must comply with the laws and requirements related to employees' health and occupational safety, mainly the "Labour Law of the People's Republic of China", "Production Safety Law of the People's Republic of China", "Law on the Prevention and Treatment of Occupational Diseases of the People's Republic of China" and "Fire Control Law of the People's Republic of China", as well as regulations related to employees' health and occupational safety at the place where the companies are located at.

"The Labour Law of the People's Republic of China" aims to protect the legitimate rights and interests of labour, readjust labour relationship, establish and safeguard the labour system suiting the socialist market economy, and promote economic development and social progress. "The Production Safety Law of the People's Republic of China" aims to enhance safe production, prevent and reduce production safety accidents, defend the safety of life and property of the masses, and promote the continuous and healthy development of the economy and the society. "The Law on the Prevention and Treatment of Occupational Diseases of the People's Republic of China" aims to prevent, control and eliminate the harm of occupational diseases, prevent and treat occupational diseases, protect the health and relevant rights and interests of the labour, and promote the economic development. "The Fire Control Law of the People's Republic of China" aims to prevent and reduce fire damage, improve emergency rescue, safeguard citizen's personal security and security of property, and uphold public security.

In 2024, all Major Operating Enterprises generally complied with the legal requirements and did not materially violate the legal requirements related to employment health and occupational safety. In the past three years, the number of work-related fatalities was 0. In 2024, the number of lost days due to work injury was 330 days (2023: 254 days). The aggregate lost days due to work injury was slightly higher than last year, mainly due to the increase in the total number of days lost as a result of one work-related injury in which the injured employee had to be hospitalized for continuous treatment. The Company has proactively strengthened staff safety education and the implementation of safety management responsibilities in all departments.

5.3 EMPLOYEE DEVELOPMENT AND TRAINING

The Company prioritizes talent cultivation and development, continuously improving its human resources management standards and implementing a strict performance-based appraisal system to motivate employees to continuously improve their personal performance and contribution to the Company.

The Company and its subsidiaries continue to improve the talent development plan and formulate a series of relevant policies, such as the "Annual Training Plan" and the "Employee Training Subsidy Management Method". All new employees are required to undergo induction training to better understand the Company's business and development prospects. The Company will also provide appropriate subsidies for employees to participate in external training courses, such as academic degrees and professional skills, to encourage employees to regularly update their industry knowledge and gain insights into personal development opportunities, so as to adapt to the changes in the market and meet the needs of the Company. In addition, individual industrial enterprises have also set up a special training management centre and arranged internal lecturers to conduct internal training for employees, covering a wide range of topics, including production operation skills, process technology, quality assurance, occupational safety and health, various vocational skills training, environmental protection matters, etc. Through these trainings, we aim to improve the professional capability and knowledge level of our employees so that they can better cope with work challenges.

In 2024, percentage of trained employees and average hours of training completed per employee of the Company by different categories are in general as follows:

Category	Percentage of trained employees in 2023 (%)	**Percentage of trained employees in 2024 (%)**	Average hours of training completed per employee in 2023 (hours)	**Average hours of training completed per employee in 2024 (hours)**
By gender				
Male	100	**100**	0.4–60	**5–105**
Female	100	**100**	0.4–60	**3–105**
By employee category				
Senior management	100	**100**	1–35.8	**2–48**
Middle management	100	**100**	1–60	**4–100**
Other employees	100	**100**	1–35	**2–62**

OPERATING PRACTICES

5.4 SUPPLY CHAIN SECURITY AND MANAGEMENT

The Company prioritizes Corporate Social Responsibility (CSR) in environmental protection, health and safety-related domains, and expects suppliers to adhere to established standards. The Company has formulated the Supplier Code of Conduct to deliver comprehensive supplier management, ensuring that their practices are in line with the needs and expectations of the Company's stakeholders. We also conduct annual reviews of key suppliers to monitor their progress in meeting social responsibility requirements. We seek to promote ethical conduct and sustainable development throughout the supply chain, upholding principles of fair trading to mitigate operational risks. All Major Operating Enterprises must comply with the law and requirements related to supply chain management, mainly the "Anti-Money Laundering Law of the People's Republic of China", "Anti-Unfair Competition Law of the People's Republic of China", "Anti-Monopoly Law of the People's Republic of China", "Bidding Law of the People's Republic of China" and "Interim Provisions on Banning Commercial Bribery", as well as regulations related to supply chain management at the place where the companies are located at.

"The Anti-Money Laundering Law of the People's Republic of China" aims to prevent money-laundering, preserve financial order, and check the crime of money-laundering as well as related crimes. The "Anti-Unfair Competition Law of the People's Republic of China" aims to safeguard the healthy development of socialist market economy, encourage and protect fair competition, repress unfair competition acts, and protect the legitimate rights and interests of business operators and consumers. "The Anti-Monopoly Law of the People's Republic of China" aims to prevent and restrain monopolistic conducts, protect fair market competition, enhance economic operating efficiency, safeguard the interests of consumers and the interests of the society as a whole, and promote the healthy development of socialist market economy. "The Bidding Law of the People's Republic of China" aims to regulate bid invitation and bidding activities, protect the interests of the State and the public as well as the legitimate rights and interests of the parties involved in bid invitation and bidding activities, increase economic benefits and ensure project quality. "The Interim Provisions on Banning Commercial Bribery" aims to curb commercial bribery and maintain fair competition and order.

All Major Operating Enterprises have established well-defined supplier management and control procedures to safeguard sustainable development across the supply chain, while effectively identifying and mitigating environmental and social risks. These protocols encompass supplier qualification assessments, annual performance evaluations and periodic monitoring systems, ensuring partners comply with the Company's sustainable development criteria. Prior to the engagement of suppliers, all Major Operating Enterprises will identify suitable suppliers based on actual requirements and collect information on various aspects such as quality, service, delivery time, price and reputation within the industry, and request suppliers to provide basic information and product samples as basis for selection at the same time. The Company and all subsidiaries will perform agreements in accordance with provisions therein, and settle accounts payable within a reasonable and feasible time as prescribed therein and never defer payment without cause. It also expects its clients to perform agreements likewise and settle their accounts payable within a reasonable and feasible time and never defer payment without cause to ensure non-disruption of respective capital flow and respective businesses will not be affected. In addition, concerning product delivery and service management, all Major Operating Enterprises have instituted comprehensive management systems encompassing product quality control methods and product complaint handling mechanisms. Through stringent quality control measures, the stability of product quality is ensured throughout the production, transportation, and final delivery processes. Furthermore, robust customer feedback systems have been established to facilitate the prompt resolution of product complaints, thereby enhancing customer satisfaction.

Individual enterprises have also established a green procurement system, setting out the requirements in the bidding and procurement process, increasing the proportion of green products in corporate procurement, and giving priority to suppliers with excellent performance in environmental protection, such as suppliers who have obtained ISO14001 environmental management system certification, relevant awards issued by environmental protection authorities and environmental demonstration institutions recognised by government departments. The Company continuously reviews various products, explores more possibilities to reduce the demand for raw materials through innovative ways, and urges suppliers to use more environmentally friendly products and services.

The Company has established an internal code of conduct governing public tendering and quotation processes. In supplier selection and evaluation, we implement equitable, impartial and transparent assessment criteria, while mandating comprehensive interest disclosures from suppliers to prevent conflicts of interest or undue benefit transfers. Furthermore, all Major Operating Enterprises explicitly communicate operational principles and expectations to business partners, requiring strict adherence to applicable legislation, international conventions, contractual obligations and the Company's governance protocols. We have also implemented robust mechanisms to ensure legal and regulatory compliance by all parties. In terms of procurement and supply chain management, all personnel are required to strictly adhere to anti-corruption policies and protect confidential business information. The Company enforces stringent regulatory frameworks to verify suppliers' compliance with prescribed environmental protection benchmarks, social responsibility commitments and business ethics standards, complemented by systematic performance monitoring regimes. These measures not only uphold premium quality thresholds for products and services but also effectively mitigate environmental and social risks. By fostering sustainable supply chain development, the Company reinforces brand integrity and strengthens its competitive positioning within the marketplace.

In 2024, all Major Operating Enterprises generally complied with the legal requirements and did not have material violations of the legal requirements related to supply chain management. Also, no incident exerting material adverse impact was noted.

In 2024, the total number of suppliers of the supply chain of the Company is 1,312 (2023: 1,349), and the number of suppliers by different geographical region are in general as follows:

Region	2023	Percentage	**2024**	**Percentage**
Overseas	143	10.6%	**100**	**7.6%**
Mainland China	1,206	89.4%	**1,212**	**92.4%**
Total	1,349	100%	**1,312**	**100%**

Of which, 474 suppliers (2023: 458 suppliers) engaged have implemented environmental, social and governance-related practices, including the requirement to sign environmental and social regulations and conduct on-site inspections, accounting for approximately 30% of the total number of suppliers. The Company will continue to communicate with its supply chain partners to identify relevant environmental and social risks, and will adhere to the principle of giving priority to environmentally friendly materials in the materials selection process, with a view to enhancing its sustainability performance in all aspects.

5.5 PRODUCT RESPONSIBILITY AND SERVICE MANAGEMENT

The Company places paramount importance on the quality of products and services whilst dedicating concerted efforts to mitigate health and safety risks associated with product usage. All Major Operating Enterprises persistently refine their product offerings to meet customer needs, whilst ensuring consumer welfare and safety are safeguarded. Beyond fulfilling client specifications regarding production capacity, the Company guarantees full compliance with applicable statutory regulations, product compliance standards, material specifications and technical guidelines across all operational phases — spanning raw material procurement, manufacturing processes, packaging operations and delivery logistics. Aerospace Property Management is committed to providing property management services and continuously improving service quality based on the reasonable opinions of tenants. We are committed to ensuring that our products and services meet the highest quality standards and that the interests of our customers are adequately protected.

All Major Operating Enterprises must comply with the laws and requirements related to product liabilities, mainly the "Civil Code of the People's Republic of China", "Company Law of the People's Republic of China", "Product Quality Law of the People's Republic of China", "Trademark Law of the People's Republic of China" and "Patent Law of the People's Republic of China", as well as regulations related to product liabilities at the place where the companies are located at.

"The Civil Code of the People's Republic of China" protects the legitimate rights and interests of civil subjects, regulates civil relations and safeguards the social and economic order. "The Company Law of the People's Republic of China" aims to standardise the organisation and behaviour of companies, protect the legitimate rights and interests of companies, shareholders and creditors, maintain the socio-economic order and promote the development of the socialist market economy. "The Product Quality Law of the People's Republic of China" aims to strengthen the supervision and control over product quality, improve product quality, define the liability relating thereto, protect the legitimate rights and interests of consumers and safeguard the social and economic order. "The Trademark Law of the People's Republic of China" aims to improve the administration of trademarks, protect the exclusive right to the use of a trademark, and encourage producers and dealers to guarantee the quality of their goods and services and preserve the credibility of trademarks, so as to protect the interests of consumers, producers and dealers and promote the development of the socialist market economy. "The Patent Law of the People's Republic of China" aims to protect patent rights for inventions-creations, encourage inventions-creations, facilitate the wide application of inventions-creations, enhance the ability of creation, promote the progress of science and technology, and the development of the economy and society.

In addition, all major industrial enterprises are committed to continuous product quality improvement, ensuring their products in compliance with high-quality standards while continuously optimizing production processes and enhancing quality management capabilities. Through these efforts, the enterprises aim to effectively improve customer satisfaction, strengthen brand reputation, and maintain a competitive edge in the market.

All major industrial enterprises have established comprehensive product quality inspection mechanisms to ensure compliance with high standards across all production stages, thereby enhancing market competitiveness and customer confidence. This quality inspection process comprises three critical phases: incoming materials inspection, in-process inspection, and outgoing shipment inspection. Firstly, in the incoming inspection phase, the Company conducts rigorous screening and testing of raw materials, components, and other production inputs to verify adherence to predefined quality specifications. Secondly, in the manufacturing process, multiple inspection stages are implemented, incorporating real-time monitoring and testing protocols to maintain consistent product quality and minimize defects. Finally, in the stage of outgoing shipment inspection, comprehensive testing and validation of finished products are carried out to confirm compliance with internal quality standards and relevant regulatory requirements prior to market release.

Upon receiving product complaints or when product recalls become necessary, the Company will conduct sufficient communication with the counterparty, track, curb, assess and dispose unqualified products. The Company performs a detailed investigation of the issue, identifies the underlying causes through structured analysis, and validates the findings to develop targeted corrective and preventive actions, thereby mitigating the likelihood of similar incidents recurring.

In response to the needs of different industries and customers' requirements, the Major Operating Enterprises have applied for and obtained relevant international certifications, such as Quality Management System Standard (ISO9001), Environmental Management System Standard (ISO14001), Occupational Health and Safety Management System Standard (OHSAS18001), Restriction of Hazardous Substances Directive (ROHS2.0), Quality System Requirements for Automotive Products and Services (ISO/TS16949) and Social Responsibility Standard (SA8000). Individual industrial enterprises have also established green product manuals and green product management technical specifications. Relevant management personnel and employees must learn and be familiar with various regulations to meet various specific requirements in the production process, which also reflects the Company's emphasis on social responsibility, and are willing to protect the interests of various stakeholders and reasonably undertake social responsibility.

All Major Operating Enterprises have formulated the "Guidelines for Handling Customers' Complaints", "Customer Service Procedures", etc. Abiding vigorously the legal requirements and reasonable request of customers, it is expressly stipulated that customer service departments shall get back to customers within five working days. In order to implement the strictest confidentiality measures, the Company requires the employee at major position and suppliers to sign the confidentiality agreement. Dedicated personnel are employed to be responsible for management of intellectual property rights, establishment of system of trade secret, maintenance of trade secret and protection of data and privacy of all parties. During the reporting period in 2024, the number of products and service-related complaints received by Major Operating Enterprises in relation to products and services is 601 cases (2023: 513 cases). The statistics are based on written complaints received. The complaints were mainly about the appearance of the product, all of which have been handled and followed up by the dedicated department in a timely manner. During the year, a major client of CASIL Semiconductor initiated arbitration proceedings concerning a product quality dispute. The arbitration proceedings remain ongoing, with CASIL Semiconductor actively defending its position in accordance with the prescribed arbitration procedures.

In 2024 , all Major Operating Enterprises generally complied with the legal requirements and did not have material violations of the legal requirements related to product liabilities. Also, no incident exerting material adverse impact was noted.

In 2024, the KPIs of all Major Operating Enterprises of the Company relating to the product quality are in general as follows:

Indicator	2023	2024
Percentage of total products sold or shipped subject to recalls for safety and health reasons	0%	**0%**

In order to further improve the operation capacity and operation quality, in addition to ensuring product quality, the Company has also continued to make breakthroughs in innovation capability. Conhui Semiconductor was awarded the "High and New Technology Enterprise in Guangdong Province" and Dong Guan Hong Yuen was awarded the "High and New Technology Product Certificate of Dongguan City". In addition, Dong Guan Hong Yuen also performed well in the field of green products and was awarded the "Excellent Enterprise in Green Manufacturing and Environmental Protection". The Company also spares no effort in protecting intellectual property rights. Conhui Semiconductor was awarded the "National Intellectual Property Advantage Enterprise" to enhance the Company's reputation and value in the market.

COMMUNITY

5.6 SOCIAL CONTRIBUTION AND INVESTMENT

The Company is committed to corporate development and does not forget public welfare undertakings and gives back to the society. All Major Operating Enterprises have close interaction with the communities in which they operate, and are very concerned about the needs of different operating regions. All Major Operating Enterprises are committed to continually enhancing the well-being of the communities in which they operate and strive to be responsible community partners. The Company conducts thorough assessments of the social impacts of its business activities and endeavours to mitigate any potential adverse effects on local communities. Furthermore, the Company adopts a proactive and constructive approach to engaging with social issues directly or indirectly related to its operations, and encourage employees to participate in social services and care for the community. Based on the different situations of the surrounding communities or people in need, all Major Operating Enterprises will use appropriate resources to implement necessary assistance to support community activities, such as arranging volunteer activities and setting up charity funds. Individual operating enterprises have established the Company Charitable Fund Management Measures and the Dongguan Humen Volunteers Association Management Measures, organizing internal employee volunteer teams to support community welfare initiatives.

During the year, the Company's volunteer service team continued to actively participate in volunteer activities organized by local communities. Individual enterprises have initiated voluntary blood donation campaign, demonstrating their commitment to social responsibility. The KPI related to community investment is in general as follows:

Indicator	Number of participants	Participation hours
Resources used in focus area in the charity sector	80 persons	7 hours

6. GOVERNANCE

6.1 GOVERNANCE STRATEGY AND ORGANIZATIONAL STRUCTURE

The Board of the Company is responsible for supervising the relevant environmental, social and governance aspects, assuming the role of leading the Company and supervising, actively integrating ESG into the Company's operation and management, and continuously seeking to improve the Company's sustainable development performance. In order to mitigate operational risks, while ensuring the continuous compliance with relevant laws and regulations in the regions where we operate, the Company also prioritizes the interests of various stakeholders to meet the expectations of stakeholders on ESG aspects. To ensure the effective implementation of the Company's policies and commitments, the Board assumes full responsibility for ESG strategy and reporting. In addition, different functional departments and working groups of the Company also regularly collect ESG information. Such information is gathered, analysed and published in the ESG Report. This serves to enhance corporate transparency, ensuring that stakeholders could gain comprehensive insight into the Company's ESG performance. At the same time, the Board undertakes periodic evaluations and updates of the ESG strategy to maintain alignment with the evolving trends and best practices.

The Company and its subsidiaries are committed to providing employees with reasonable remuneration, appropriate medical coverage and other insurances to create a stable working environment for them. We firmly believe that employees should enjoy equal opportunities, and remuneration is determined based on employees' qualifications, experience and work performance, taking into account industry practices. In addition, we have also established a sound dismissal policy, which is dealt with in a fair and reasonable manner in accordance with the current employment compensation regulations, and strictly abide by relevant local labour laws. We will continuously refine employee benefit programmes to ensure staff receive adequate support and motivation in their professional roles. At the same time, the Company systematically enhances its Corporate Social Responsibility (CSR) commitments through proactive engagement in community initiatives that advance sustainable development goals. The Company will conduct employee satisfaction surveys on a regular basis to understand their needs and concerns, and will make improvements and adjustments accordingly based on the survey results. The Company provides employee training and development programs to help them continuously improve their professional skills and career development. To ensure that the rights of our employees are protected, the Company continuously updates and improves its human resources policies to ensure compliance with local laws and regulations and to provide employees with the support they need.

6.2 STANDARDIZED GOVERNANCE

The Company is committed to promoting transparency and integrity within the Company and implements policies to prevent bribery, cultivates a culture of discipline and facilitate the whistleblowing of any corruption. The employees are obligated to disclose the possible conflicts of interest, including the family relationships within the Company, the relationships between managers and business partners and individual transactions that may affect their impartiality. All Major Operating Enterprises also conduct regular communication and publicity through issuing internal notice every year to remind employees not to accept any benefits or gifts from suppliers, and such measures are designed to prevent potential ethical violations and guarantee the steady and sustainable development of the whole organization. With the above measures, the Company strives to creating a working environment with integrity, responsibility and zero tolerance for corruption. The Company reminds employees to strictly comply with the formulated guidelines and actively advocating a culture of ethical behaviour, adheres to its commitment to responsible corporate citizens and sets an example for the enterprises in the same industry. The Company and all Major Operating Enterprises have formulated and implemented an internal integrity system. If employees accept bribes such as money, gifts or rebates, the Company and all Major Operating Enterprises have the right to terminate their employment contracts and reserve the right to pursue actions to avoid crimes such as corruption and fraud. We are committed to ensuring internal integrity and safeguarding the Company's reputation and asset safety.

The Company is committed to demanding the operating enterprises in enhancing the awareness and personal integrity of its employees so as to eliminate the possibility of bribery, accepting bribe, extortion, fraud and money laundering in the course of daily operations. In particular, the "Integrity and Ethical Standards Management Procedures", "Employee Conflict of Interest Declaration Form" and "Reward and Punishment Management Measures" have been formulated respectively, to clearly regulate the amount of gifts and cash received by employees, prohibit employees from receiving rebates and commissions from customers or suppliers, and take disciplinary actions against employees who violate anti-corruption laws.

In order to resolutely crack down corruption and fraud, the Company has formulated a whistle-blowing policy, so that all stakeholders can report any suspicious or improper behaviours anonymously. The Company is committed to actively investigating and dealing with the internal corruption whistle-blowing, and the information of whistle-blowers will be kept confidential to ensure that the whistle-blower will not be retaliated or harassed. The Company takes feasible preventive measures through employee handbook, notice and reporting mechanism. If the report is substantiated, rewards will be provided to employees who report such behaviours and safeguard the interests of the Company. Employees can raise relevant issues through rationalization suggestions or directly reporting to the senior management. In 2024, none of the Major Operating Enterprises have received any complaints from organizations or individuals about staff misconduct or other breaches of the law.

In addition, the Company and all Major Operating Enterprises have arranged corruption prevention training for Directors, senior management and staff respectively in 2024.

All personnel involved in the procurement of goods and services must abide by the code of business ethics. The Company requires all personnel to declare any conflict of interest. Procurement is generally conducted by way of tender with clear policies outlining the standard rules and regulations to be followed.

All Major Operating Enterprises must comply with the laws and requirements related to anti-corruption, mainly the "Anti-Money Laundering Law of the People's Republic of China", "Anti-Unfair Competition Law of the People's Republic of China", "Anti-Monopoly Law of the People's Republic of China", "Bidding Law of the People's Republic of China" and "Interim Provisions on Banning Commercial Bribery", as well as regulations related to anti-corruption at the place where the companies are located at.

"The Anti-Money Laundering Law of the People's Republic of China" aims to prevent money-laundering, preserve financial order, and check the crime of money-laundering as well as related crimes. The "Anti-Unfair Competition Law of the People's Republic of China" aims to safeguard the healthy development of socialist market economy, encourage and protect fair competition, repress unfair competition acts, and protect the legitimate rights and interests of business operators and consumers. "The Anti-Monopoly Law of the People's Republic of China" aims to prevent and restrain monopolistic conducts, protect fair market competition, enhance economic efficiency, safeguard the interests of consumers and the interests of the society as a whole, and promote the healthy development of socialist market economy. "The Bidding Law of the People's Republic of China" aims to regulate bid invitation and bidding activities, protect the interests of the State and the public as well as the legitimate rights and interests of the parties involved in bid invitation and bidding activities, increase economic benefits and ensure project quality. "The Interim Provisions on Banning Commercial Bribery" aims to curb commercial bribery and maintain fair competition and order.

In 2024, all Major Operating Enterprises generally complied with the legal requirements and did not have material violations of the legal requirements related to anti-corruption. Also, no incident exerting material adverse impact was noted.

In 2024, none of the Major Operating Enterprises have received any complaints from organizations or individuals about staff misconduct or other breaches of the law, the KPI relating to the number of concluded legal cases regarding corrupt practices is in general as follows:

Indicator	2023	2024
Number of concluded legal cases regarding corrupt practices brought against the Company and the Major Operating Enterprises or their employees	0	**0**

CONCLUSION

The Company believes that the implementation of current measures on environmental protection and social responsibility is sufficient in compliance with relevant laws and the Listing Rules, and will make necessary review and revision from time to time in response to the requirements of laws, the Listing Rules and internal management to strengthen its measures on environmental protection and social responsibility.

The Company's Board of Directors reviewed, discussed and approved the contents of this Environmental, Social and Governance Report and its publication on 27 March 2025.

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KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	46

Biographical Details of Directors

Mr Wang Hui, aged 53, Master, Researcher, is the Chairman and Executive Director of the Company, graduated from the University of Science and Technology of China in 1995 with a bachelor's degree in engineering majoring in engineering thermophysics. From 2008 to 2009, he completed postgraduate studies while on-the-job and obtained a master's degree in science majoring in space studies from the International Space University. From August 1995 to June 2022, Mr Wang Hui held such positions in the China Academy of Launch Vehicle Technology as a Director Assistant of the Planning Division of the General Operation Department, the Deputy Director of the Secretariat of the Academy Office, the Director of the Scientific Research and Planning Division of the Scientific Research and Planning Department, the Deputy Director of the Scientific Research and Planning Department, the Director of the General Planning Department, and the Vice President of the Academy. From June 2022 to July 2024, he served as the Director of the Strategic Management Department of China Aerospace Science and Technology Corporation. Mr Wang Hui has extensive experience in corporate strategy management. In July 2024, he was appointed as the Chairman and Executive Director of the Company.

Mr Song Shuqing, aged 53, Master, Researcher, is an Executive Director and President of the Company, graduated from National University of Defense Technology with a master degree. From 1994 to 2011, he held such positions as the Chief Engineer, the General Manager of Tertiary Industry Division of the China Academy of Space Technology and a Deputy Director General, the Director General of its Infrastructure Department; an Assistant to the General Manager, a Deputy General Manager of Shenzhou Tianchen Science and Technology Industrial Co. Ltd, and a Deputy General Manager of its Assurance Service Division and the Director General of the Infrastructure Department; the Officer-in-charge of the Preparatory Unit of Zhongguancun Aerospace Innovation Park Company Limited. From 2011 to 2019, he served as the General Manager, a Director and the General Manager of Aerospace Times Real Estate Development Co., Ltd. During such period, he also served as a Director of Xian National Civil Aerospace Industry Base Development Co., Ltd. and an Executive Director of Aerospace Times Real Estate Development (Wuhan) Co., Ltd. and a Vice Chairman of Beijing Aerospace Hengrun Real Estate Co., Ltd. From June 2019 to January 2023, he served as a Vice President of China Academy of Aerospace Electronics Technology. From November 2019 to March 2023, he served as a Director of China Aerospace Times Electronics Co., Ltd. (shares of which are listed on Shanghai Stock Exchange (stock code: 600879)). From August 2020 to February 2023, he served as the Chairman of Chongqing Aerospace Rocket Electronics Technology Co., Ltd. He was appointed as the Chairman of RAYITEK Hi-Tech Film Company Ltd., Shenzhen (shares of which are listed on Shanghai Stock Exchange (stock code: 688323)) and Shenzhen Aerospace Technology Investment Company Limited with effect from July 2023 and November 2024 respectively. Mr Song Shuqing has extensive experience in corporate management. In February 2023, he was appointed as Executive Director and President of the Company.

Mr Luo Zhenbang, aged 58, is an Independent Non-Executive Director of the Company and a Director and Managing Partner of BDO China Shu Lun Pan Certified Public Accountants LLP. Mr Luo graduated from the School of Business of Lanzhou in 1991 majoring in Enterprise Management. He has been managing the audit works for many listed companies since 1994. He has been an Expert Supervisor of China Xinda Asset Management Corporation and China Great Wall Asset Management Corporation. He was also an Independent Director of Long March Vehicle Technology Company Limited, Orient Tantalum Industry Company Limited, Wuzhong Instrument Company Limited, Shengxue Company Limited, Avic Heavy Machinery Co. Ltd., Digital China Information Service Company Ltd., Xinjiang Goldwind Science & Technology Co., Ltd. And Cowell e Holdings Inc., as well as an internal audit expert of Northeast Securities Company Limited, shares of which are listed on Shenzhen Stock Exchange (stock code: 000686). From July 2013 to June 2023, he served as an Independent Non-Executive Director of Glory Health Industry Limited (formerly known as "Guorui Properties Limited"), shares of which are listed on The Stock Exchange of Hong Kong (stock code: 2329). He currently serves as Independent Non-Executive Director of BII Railway Transportation Technology Holdings Company Limited (formerly known as China City Railway Transportation Technology Holdings Company Limited), shares of which are listed on The Stock Exchange of Hong Kong Limited (stock code: 1522). On 16 January 2023, Mr Luo received a warning letter dated 29 December 2022 from the Tibet Bureau of the China Securities Regulatory Commission. For details, please refer to the announcement of the Company dated 18 January 2023. Mr Luo possesses several professional qualifications, such as Chinese certified public accountant, certified accountant in securities and futures industry, Chinese certified assets valuer and Chinese certified tax accountant and has in-depth experience in accounting, auditing and financial management. He is familiar with the audit of listed companies from various sectors and extensively participates in corporate restructuring for listing, listed company restructure and other business consultation services. He was appointed as an Independent Non-Executive Director of the Company in December 2004.

Ms Chen Jingru, aged 60, Master of Law, is an Independent Non-Executive Director of the Company and a global partner of DeHeng Law Offices. Ms Chen obtained a Bachelor's degree majoring in law in 1985 and a Master's degree majoring in law in 1990 from Nankai University. Ms Chen was awarded her professional qualification as a lawyer conferred by the Lawyer Qualification Committee of the PRC Ministry of Justice in 1993. She served as Deputy Officer of the Comprehensive Teaching and Research Office of the Insurance Department of the Central Institute of Finance and Economics (now known as Central University of Finance and Economics), Director of the Beijing Insurance Association, Director of the China Maritime Law Association, Deputy Officer of the Law Department of the Central University of Finance and Economics, and Member of the Third GEM Issuance Examination Committee of the China Securities Regulatory Commission. From May 2011 to January 2014, Ms Chen was an Independent Director of Cloud Live Technology Group Co., Ltd. (stock code: 002306) listed on the Shenzhen Stock Exchange. Ms Chen was an Independent Non-Executive Director of Glory Health Industry Limited from July 2014 to November 2022, shares of which are listed on The Stock Exchange of Hong Kong (stock code: 2329) and the external internal auditor of BOC International (China) Co., Ltd. (stock code: 601696) from October 2019 to October 2022, shares of which are listed on the Shanghai Stock Exchange. In 2015, Ms Chen was given a warning and an administrative fine by China Securities Regulatory Commission. For details, please refer to the announcement of the Company dated 6 September 2022. Ms Chen has been working in DeHeng Law Offices since 1993. She has extensive experience in the corporate and securities aspects. She was appointed as an Independent Non-Executive Director of the Company in August 2022.

Ms Xue Lan, aged 59, is an Independent Non-Executive Director of the Company, graduated from Renmin University of China with bachelor's degree in history in 1986 and master degree in economics in 1996. She obtained an EMBA degree from the Guanghua School of Management of Peking University in 2001. From August 1986 to December 1988, Ms Xue served as an Assistant Archivist at the Archives of the Ministry of Foreign Affairs of the People's Republic of China. From December 1988 to May 1992, she served as the Deputy Consul at the Consulate General of the People's Republic of China in Sydney, Australia. Ms Xue joined the Securities Association of China as the Director of the International Department from December 1992 to August 1997. She served as the General Manager of the International Business Department at China Securities Co., Ltd. from August 1997 to December 2005. From December 2005 to August 2006, she served as the General Manager of the International Business Department at CSC Financial Co., Ltd. (shares of which are listed on The Stock exchange of Hong Kong (stock code: 6066) and Shanghai Stock Exchange (stock code: 601066)). Ms Xue held the positions of Director and General Manager at Financial Products Department, BOC International Holdings Limited from August 2006 to March 2014. From March 2014 to March 2018, she served as the Chief Operating Officer of Huatai Financial Holdings Ltd. Since March 2018, Ms Xue has been serving respectively as the Chief Operating Officer at China Securities (International) Finance Holding Co., Ltd. and as Director of several of its subsidiaries, including but not limited to CSCI Insurance Broker Limited, CSCIF China Limited, CSCIF Hong Kong Limited, China Securities (International) Finance Company Limited, CSCIF Asia Limited (Bond Codes: CSCIF A N2508, N2406, N2504, N2604), amongst which the directorship of China Securities City Development Equity Investment Asset Management (Shenzhen) Company Limited ended in September 2024; and the Director and a Responsible Officer of China Securities (International) Brokerage Company Limited in respect of types 1 (dealing in securities), 2 (dealing in futures contracts), 4 (advising on securities), and 5 (advising on futures contracts) regulated activities under the Securities and Futures Ordinance; and a Responsible Officer of China Securities (International) Asset Management Co. Ltd in respect of types 1 (dealing in securities) and 9 (asset management) regulated activities under the Securities and Futures Ordinance. Ms Xue is a Responsible Officer registered with the Securities and Futures Commission of Hong Kong for types 1 (dealing in securities), 2 (dealing in futures contracts), 4 (advising on securities), 5 (advising on futures contracts), and 9 (asset management) regulated activities. Ms Xue has extensive experience and knowledge in the financial sector. She was appointed as an Independent Non-Executive Director of the Company in March 2024.

Mr Teng Fangqian, aged 62, Researcher, is a Non-Executive Director of the Company. He graduated from Shandong Institute of Chemical Technology with a bachelor's degree in chemical engineering and completed a postgraduate programme in corporate management at Zhongnan University of Economics and Law. He joined the Second Film Factory of the Ministry of Chemical Industry in 1983 and held such positions as the Section Head and Deputy Director of the PS plate workshop. From August 1996 to November 2012, he served as the Deputy Factory Director and Factory Director of the Second Film Factory of China Lucky Film Corporation; the General Manager of Lucky Huaguang Graphics Co., Ltd.; the Deputy General Manager of China Lucky Film Corporation and the General Manager of Lucky Huaguang Graphics Co., Ltd. From November 2012 to December 2019, he served as the Deputy General Manager of China Lucky Group Corporation and the General Manager of Lucky Huaguang Graphics Co., Ltd. and the Managing Director of China Lucky Group Corporation. During which, he was the Chairman of Baoding Lucky Innovative Materials Co., Ltd. (shares of which are listed on Shenzhen Stock Exchange (stock code: 300446)) from May 2013 to September 2015. From December 2019 to September 2022, he served as the Chairman of China Lucky Group Corporation. During which, he was the Chairman of Lucky Film Co., Ltd. (share of which are listed on Shanghai Stock Exchange (stock code: 600135)) from November 2014 to February 2020, the Executive Director of Beijing Lucky Technology Co., Ltd. from September 2015 to May 2020, the Chairman of Lucky Huaguang Graphics Co., Ltd. from September 2015 to December 2020. Mr Teng has been a Director of China Great Wall Industry Corporation and Aerospace Investment Holdings Limited since May 2023 and December 2023 respectively. Mr Teng has extensive experience in corporate management. He was appointed as a Non-Executive Director of the Company in March 2023.

Mr Peng Jianguo, aged 57, Doctor, Researcher, is a Non-Executive Director of the Company. He graduated from the National University of Defense Technology, Xi'an Jiaotong University and Northwestern Polytechnical University and obtained a bachelor's degree in engineering, a master's degree in public administration and a doctoral degree in management respectively. From July 1990 to April 2004, he held such positions as the Deputy Division Director, the Division Director of the Finance Division, and the Deputy Chief Accountant and Division Director of the Finance Division of the 11th Institute of China Aerospace. From April 2004 to March 2017, he served as the Deputy Division Director, the Division Director of Accounting and Finance Department, and the Chief Accountant and Division Director of Accounting and Finance Department of the Academy of Aerospace Propulsion Technology. From March 2017 to December 2021, he served as the Chief Accountant of the China Academy of Launch Vehicle Technology. He also served as a Director of Aerospace Science & Technology Finance Company Limited from April 2011 to March 2020, a Director of Western Metal Materials Co., Ltd. (shares of which are listed on Shenzhen Stock Exchange (stock code: 002149)) from July 2011 to April 2017, the Vice Chairman of China Chang Jiang Energy Corporation from November 2016 to August 2017, and concurrently served as a Director of Aerospace Times Real Estate Development Co., Ltd. during August 2017 and May 2019. He served as an associate-level researcher at the China Academy of Launch Vehicle Technology from December 2021 to March 2023 and has served as a Grade II Specialist of the Academy since March 2023. He has served as the Chairman of the Supervisory Board of Beijing Aerospace Medical Co., Ltd. since August 2022. He has held the positions of Chairman of the Supervisory Board of China Aerospace Investment Holdings Ltd. since January 2023, and Director of China Lucky Group Corporation since February 2023. Since July 2024, he has served as the President and legal representative of Changsha Aerospace Technology Innovation Institute. Mr Peng has extensive experience in financial management. He was appointed as a Non-Executive Director of the Company in March 2023.

Mr Liu Yong, aged 58, Master, is a Non-Executive Director of the Company. He graduated from the Shanghai University of Finance and Economics and the Renmin University of China with a bachelor's degree in management and a master's degree in Economics respectively. From July 1989 to July 1993, he served as a Deputy Staff Member of the Financial Office and a Principal Staff Member of the Enterprise Division of the Ministry of Aeronautics and Astronautics. From July 1993 to July 1999, he held positions as a Principal Staff Member of the Enterprise Division of the Finance Department and as a Principal Staff Member of the Enterprise Division of Finance Bureau of China Aerospace Corporation. From July 1999 to May 2003, he held such positions as a Deputy Director and the Director of the Fund Accounting Division, and the Director of the Finance Division of the Finance Department of China Aerospace Science & Technology Corporation. From May 2003 to February 2009, he held such positions as the Head of Finance, Deputy Chief Accountant, and Chief Accountant of China Aerospace Times Electronics Co., Ltd. (listed on the Shanghai Stock Exchange (Stock Code: 600879)). During which, he also served as the Director of the Finance Department from January 2005 to November 2008. From February 2009 to June 2016, he held the positions of Chief Accountant at both China Academy of Space Electronics Technology and Academy of Aerospace Solid Propulsion Technology, and from April 2009 to May 2014, he also served as a Supervisor at Long March Rocket (Avionics) Technology Co., Ltd. From June 2016 to September 2021, he held such positions as the General Manager, and the Director and General Manager of Aerospace Science & Technology Finance Company Limited. From September 2021 to September 2024, he served as the Head of the Finance Department of China Aerospace Science & Technology Corporation, and since September 2024, he has been serving as a Chief Specialist in the Finance Department. Since February and March 2025, he served as the Non-Independent Director of China Satellite Communications Co.,Ltd. (Stock Code: 601698) and Beijing Shenzhou Aerospace Software Technology Co., Ltd. (Stock Code: 688562) respectively, both listed on the Shanghai Stock Exchange. Mr Liu Yong has extensive experience in financial management. He was appointed as a Non-Executive Director of the Company in February 2025.

Mr Zhou Limin, aged 61, a Researcher, graduated from National University of Defense Technology with a master degree. From 1989 to 2002, he worked in the 11th Institute of 067 Base, and served as Designer, Deputy Supervisor, Deputy Supervisor and Supervisor of the Pressure Vessel Design Office, Director of the Operation and Development Department, Assistant to Director General and Deputy Director General. From 2002 to 2008, he served successively as Deputy Director General and Director General of Beijing Aerospace Propulsion Research Institute. From 2008 to September 2020, he served as Deputy Dean of Academy of Aerospace Propulsion Technology, during which he also served as Director of Beijing Shenzhou Aerospace Software Technology Co., Ltd., Chairman of East China Chemical Engineering Inc., Director General of Beijing Aerospace Propulsion Research Institute, Chairman of Beijing Aerospace Petrochemical Technology & Equipment Engineering Corporation Limited, Beijing Aerospace Petrochemical Technology Energy Conservation & Environmental Protection Corporation Limited, Xi'an Huawei Chemical & Biological Engineering Co., Ltd and China Chang Jiang Energy Corporation; he also served as Chairman of Shaanxi Aerospace Power Hi-tech Co. Ltd., shares of which are listed on Shanghai Stock Exchange (stock code: 600343), from June 2017 to February 2020. From June 2023 to November 2024, he was appointed as the Chairman of Shenzhen Aerospace Technology Investment Company Limited. On 30 May 2023, China Securities Regulatory Commission ("CSRC") issued a notification letter proposed to impose a warning and a fine on Mr Zhou. For details, please refer to the announcement of the Company dated 3 June 2023. Further on 25 March 2024, an administrative penalty decision from CSRC was received with the same warning and fine as disclosed in the announcement dated 3 June 2023. Mr Zhou possesses ample experience in enterprise management. He was appointed as the Chairman and Executive Director of the Company from September 2020 to July 2024.

Mr Wang Xiaojun, aged 70, Master of Law, a practicing solicitor admitted in the Mainland China, Hong Kong and the United Kingdom. Mr Wang obtained a bachelor's degree in laws from the Renmin University of China in 1983 and a master of laws from the Chinese Academy of Social Sciences in 1986. He joined The Stock Exchange of Hong Kong Limited in 1992 and served Richards Butler from 1993 to 1996. In 1996, he served as an associate director of Peregrine Capital Limited. From 1997 to 2001, he served as a director of ING Barings. He established X. J. Wang & Co. in 2001 and that was associated with Jun He Law Offices in 2005, and was a partner of Jun He Law Offices Hong Kong Branch. He is currently a principal of Wang & Co. From 2011 to 2012, Mr Wang Xiaojun served as Managing Director of CCB International (Holdings) Limited. He was an Independent Non-Executive Director of Norinco International Company Limited, shares of which are listed on Shenzhen Stock Exchange (stock code: 000065), CSSC Offshore & Marine Engineering (Group) Company Limited (formerly known as Guangzhou Shipyard International Company Limited), shares of which are listed on The Stock Exchange of Hong Kong Limited (stock code: 317) and Shanghai Stock Exchange (stock code: 600685), Zijin Mining Group Company Limited, shares of which are listed on The Stock Exchange of Hong Kong Limited (stock code: 2899) and Shanghai Stock Exchange (stock code: 601899), Yankuang Energy Group Company Limited (formerly known as Yanzhou Coal Mining Company Limited), shares of which are listed on The Stock Exchange of Hong Kong Limited (stock code: 1171), Shanghai Stock Exchange (stock code: 600188) and New York Stock Exchange (stock code: YZC), and Livzon Pharmaceutical Group Co., Ltd., shares of which are listed on The Stock Exchange of Hong Kong Limited (stock code: 1513) and Shenzhen Stock Exchange (stock code: 000513), and Wealthking Investments Limited (formerly known as OP Financial Limited), shares of which are listed on The Stock Exchange of Hong Kong Limited (stock code: 1140). He currently serves as an Independent Non-Executive Director of Poly Property Services Co., Ltd., shares of which are listed on The Stock Exchange of Hong Kong Limited (stock code: 6049). Mr Wang Xiaojun is familiar with corporate listing, merger and acquisition and restructuring, direct investment and so on and possesses many years of relevant experience. Mr Wang was appointed as an Independent Non-Executive Director of the Company from March 2013 to March 2024.

Mr Hua Chongzhi, aged 63, Master. He graduated from Harbin Institute of Technology in 1985 with a master degree of Mechanical Engineering and from Tsinghua University with an EMBA degree in 2012, he has been working in aerospace industry field for 39 years. He had been appointed as a Deputy Director of an institute under China Aerospace Corporation in November 1994, the Deputy Director of Foreign Affairs Department of China National Space Administration in June 1996, Deputy Director of Administration Department of China Aerospace Science and Technology Corporation in July 1999 and a Director and Vice President of China Great Wall Industry Cooperation in December 2004. He was the Vice President and a Research Fellow (associate dean grade) of Shanghai Academy of Spaceflight Technology from October 2013 to August 2021. He has been a Director of China Great Wall Industry Cooperation since April 2020. He was appointed as a Non-Executive Director of the Company from April 2020 to February 2025.

The Directors present this annual report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2024.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its principal subsidiaries, associates and joint ventures are set out in notes 41, 17 and 18 to the consolidated financial statements, respectively.

BUSINESS REVIEW

The business review of the Company and its subsidiaries is set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report" and "Environmental, Social and Governance Report" respectively of this Annual Report. Description of the risks and uncertainties facing the Company can be found throughout this Annual Report.

RESULTS AND APPROPRIATION

The results of the Company and its subsidiaries for the year ended 31 December 2024 are set out in the consolidated statement of profit or loss on page 67.

Taking into account the Company's development needs and capital position, the Board decided not to recommend the payment of a final dividend for 2024 (2023 final dividend: nil).

PROPERTY, PLANT AND EQUIPMENT

During the year, the Company and its subsidiaries acquired plant and equipment, motor vehicles, furniture and other equipment of HK$172,520,000, HK$3,323,000 and HK$59,748,000 respectively and project in progress of HK$301,572,000 in response to the scale of the Company and its subsidiaries. Details of movements in property, plant and equipment are set out in note 14 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the movements in investment properties during the year are set out in note 16 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to shareholders as at 31 December 2024 comprised the retained profits of approximately HK$787,410,000 (2023: HK$900,987,000).

PURCHASE, SALE AND REDEMPTION OF SHARES

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

MAJOR CUSTOMERS AND SUPPLIERS

In the year under review, the aggregate turnover attributable to the Company and its subsidiaries' largest customer and five largest customers were 8% and 24% of the Company and its subsidiaries' consolidated turnover, respectively. The aggregate purchases attributable to the Company and its subsidiaries' five largest suppliers were less than 29% of the Company and its subsidiaries' total purchases.

DIRECTORS

The Directors during 2024 and up to the date of this Report were:

Executive Directors

Wang Hui *(Chairman) (appointed on 23 July 2024)*
Song Shuqing *(President)*
Zhou Limin *(Chairman) (resigned on 23 July 2024)*

Non-Executive Directors

Luo Zhenbang *(Independent)*
Chen Jingru *(Independent)*
Xue Lan *(Independent) (appointed on 26 March 2024)*
Teng Fangqian
Peng Jianguo
Liu Yong *(appointed on 14 February 2025)*
Wang Xiaojun *(Independent) (resigned on 26 March 2024)*
Hua Chongzhi *(resigned on 14 February 2025)*

Non-Executive Directors are appointed for a term of 2 years and shall retire by rotation, being eligible, offer themselves for re-election at the Annual General Meeting of the Company in accordance with the Company's Articles of Association.

On 26 March 2024, Ms Xue Lan was appointed as an Independent Non-Executive Director of the Company. Ms Xue has received a total of 3.5 hours of director's training from the Company's Hong Kong legal advisor on 25 March 2024. Ms Xue has confirmed that she understands the requirements under the Listing Rules that are applicable to her as a director of a listed company and the possible consequences of making a false declaration or giving false information to The Stock Exchange of Hong Kong Limited. Ms Xue has also confirmed her independence pursuant to the Listing Rules 3.13 and further confirms that there are no other factors that may affect her independence as an Independent Non-Executive Director of the Company. For details, please refer to the announcement of the Company dated 26 March 2024.

On 23 July 2024, Mr Wang Hui was appointed as the Chairman and Executive Director of the Company. Mr Wang has received a total of 2 hours of director's training from the Company's Hong Kong legal advisor on 22 July 2024. Mr Wang has confirmed that he understands the requirements under the Listing Rules that are applicable to him as a director of a listed company and the possible consequences of making a false declaration or giving false information to The Stock Exchange of Hong Kong Limited. For details, please refer to the announcement of the Company dated 23 July 2024.

On 14 February 2025, Mr Liu Yong was appointed as a Non-Executive Director of the Company. Mr Liu has received a total of 2 hours director's training from the Company's Hong Kong legal advisor on 14 February 2025. Mr Liu has confirmed that he understands the requirements under the Listing Rules that are applicable to him as a director of a listed company and the possible consequences of making a false declaration or giving false information to The Stock Exchange of Hong Kong Limited. For details, please refer to the announcement of the Company dated 14 February 2025.

During 2024 and up to the date of this Report, the Directors of subsidiary undertakings of the Company in alphabetical order were Chen Yongjie#, Cheng Zhanheng#, Deng Bin, Ding Li*, Fan Zhenzhen*, Gao Fazhi, Gao Yuda, Gong Benning, Guo Xiaokui, He Xiangqing, Huang Xuanwei*, Lai Jianyu*, Li Baoxiang*, Li Gang#, Lin Jianming, Lin Zhijian, Qiu Guoling*, Qiu Jihua#, Shao Haijun#, Shum King Mo#, Song Shuqing, Sun Jingguo, Tao Zhiwei, Wang Libo#, Wong Siu Fong Jenny, Yang Honghui, Yu Kehu, Zhao Jinlong#, Zhou Limin# and Zhou Weibin.

Resigned during 2024 or the period up to the date of this Report.
* Appointed during 2024 or the period up to the date of this Report.

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 C3 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 Model Code in 2024.

Up to the date of this Report, 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 *Model Code for Securities Transactions by Directors of Listed Issuers* of The Stock Exchange of Hong Kong Limited and *The Code and Enforcement Details for Securities Transactions by Directors* of the Company.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has any service contract with the Company or any of its subsidiaries not determinable by the employing company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance, to which the Company or any of its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor the Chief Executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, the register of substantial shareholders maintained by the Company pursuant to Part XV of the Securities & Futures Ordinance discloses the following companies as having 5% or more of the issued capital of the Company:

Name of shareholder	Capacity	Direct interest (Y/N)	Number of shares held (Long Position)	Percentage of issued share capital of the Company
China Aerospace Science & Technology Corporation	Interested in controlled corporation	N	1,183,598,636	38.37%
Burhill Company Limited	Beneficial owner	Y	1,183,598,636	38.37%

Note: Burhill Company Limited is a wholly-owned subsidiary of China Aerospace Science & Technology Corporation, the shares held by it form the total number of shares in which China Aerospace Science & Technology Corporation was deemed interested.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital or underlying shares of the Company as at 31 December 2024.

LITIGATION

As at the date of this Report, except for the litigation claims as disclosed in the Company's announcement on 12 May 2022, 14 June 2022, 5 July 2022, 30 September 2022, 7 November 2022, 14 February 2023, 24 March 2023, 11 July 2023, 14 July 2023, 25 August 2023, 14 September 2023, 18 March 2024, 26 March 2024, 7 June 2024, 27 August 2024, 4 September 2024, 21 October 2024 and 20 November 2024 in relation to the litigations between Aerospace Technology, a 60% indirect owned subsidiary of the Company, Hangke Houhai and Huabaorun respectively, as well as the litigations between Aerospace Technology's wholly-owned subsidiary, Aerospace Property Management, Hangke Houhai and Huabaorun respectively; and an arbitration application filed by a client of CASIL Semiconductor Limited ("CASIL Semiconductor"), a wholly-owned subsidiary of the Company, regarding the quality dispute related to two Master Supply Agreements as disclosed in the Company's announcement dated 17 December 2024, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and, so far as the Directors were aware of, no litigation or arbitration or claim of material importance was pending or threatened by or against any member of the Company and the subsidiaries.

EMOLUMENT POLICY

The remuneration policy of the Company and the subsidiaries is based on the employee's qualifications, experience and performance, with reference to the current market situation. The Company and the subsidiaries will continue to strengthen the human resources management 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.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association, every Director shall be indemnified out of funds of the Company against all liabilities incurred by them to the extent permitted by the Hong Kong Companies Ordinance. In addition, the Company has bought and maintained a director and officer liability insurance for the benefit of directors and officers of the Company and its subsidiaries against liability which may lawfully be insured by the Company.

CONTINUING CONNECTED TRANSACTIONS

The below continuing connected transactions entered into by the Company and its subsidiaries, as confirmed by Independent Non-Executive Directors of the Company, were entered into:

1. in the ordinary course of business of the Company;

2. on normal commercial terms or on terms not less favourable to the terms offered by independent third parties and

3. in accordance with the terms of the relevant agreements or contracts, respectively, which were fair and reasonable and in the interest of the Company and its shareholders as a whole.

The Company's auditor was engaged to report on the Company and its subsidiaries' continuing connected transactions in accordance with *Hong Kong Standard on Assurance Engagements 3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to *Practice Note 740, Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* ("Auditor's Letter") issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Company and its subsidiaries in pages 60–61 of this Annual Report in accordance with Main Board Listing Rule 14A.56. A copy of the Auditor's Letter has been provided by the Company to The Stock Exchange of Hong Kong Limited.

Details on related party transactions for the year ended 31 December 2024 are set out in note 38 to the consolidated financial statements. There was no connected transaction nor continuing connected transaction for the Company which has to be disclosed in accordance with the Chapter 14A of the Listing Rules during the reporting period.

List of Continuing Connected Transactions for the year ended 31 December 2024:

The Company and/or its subsidiary(ies) involved	Connected person(s)	Continuing connected transactions	Annual cap	Amount outstanding as of 31 December 2024
Shenzhen Aerospace Technology Investment Management Limited* (深圳市航天高科投資管理有限公司) ("Aerospace Technology")	Aerospace Science & Technology Finance Company Limited* (航天科技財務有限責任公司) ("Aerospace Finance")	The provision of security by Aerospace Technology to Aerospace Finance for a loan in the amount of RMB1,300,000,000	N/A	RMB995,000,000 or equivalent to HK$1,057,386,000

POST PERIOD EVENTS

Continuing disclosure under rule 13.21 of the Listing Rules:

On 16 January 2025, Nantong Hong Yuen Circuit Technology Company Limited* (南通康源電路科技有限公司) ("Nantong Hong Yuen"), an indirectly wholly-owned subsidiary of the Company, entered into a Renminbi syndicated loan agreement (the "Loan Agreement") as borrower with China Development Bank, Jiangsu Province branch, China Merchants Bank Company Limited, Nantong branch, and The Export-Import Bank of China, Jiangsu Province branch (collectively the "Lenders"), for a loan amount of RMB1 billion with a term of 8 years (the "Loan"), which will be drawn down by Nantong Hong Yuen in phases as and when required. Dong Guan Hong Yuen Electronics Co., Limited ("Dong Guan Hong Yuen"), an indirectly wholly-owned subsidiary of the Company, has entered into a syndicated loan guarantee agreement as guarantor with the Lenders in respect of the Loan under the Loan Agreement to provide a joint liability guarantees for repayment obligations. Pursuant to the terms of the Loan Agreement, in the event that China Aerospace Science and Technology Corporation, the controlling shareholder of the Company, ceases to have control over Nantong Hong Yuen or Dong Guan Hong Yuen, shall constitute an event of default. Please refer to the announcement of the Company dated 17 January 2025 for details.

AUDITOR

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2024 have been audited by Deloitte Touche Tohmatsu, certified public accountants and registered public interest entity auditor. There has been no change in auditors of the Company in the preceding three years.

By order of the Board

Wang Hui
Chairman & Executive Director
Hong Kong, 27 March 2025

Deloitte. 德勤

TO THE SHAREHOLDERS OF
CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED
中國航天國際控股有限公司
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Aerospace International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 67 to 145, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties — retail and office premises in the People's Republic of China other than Hong Kong (the "Mainland China")	
The Group's investment properties portfolio comprises industrial premises, office premises, retail and office premises, and carparks in the Mainland China and Hong Kong. As disclosed in notes 4 and 16 to the consolidated financial statements, as at 31 December 2024, the fair value of investment properties is HK$7,992,128,000, with a fair value loss recorded in the consolidated statement of profit or loss of HK$299,754,000. All the Group's investment properties are stated at fair value based on valuations performed by independent qualified professional valuers (the "Valuers"). Details of the valuation techniques and key inputs used in the valuations are disclosed in note 16 to the consolidated financial statements. We identified the valuation of investment properties — retail and office premises in the Mainland China as disclosed in note 16 with the fair value of HK$7,486,185,000 as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole combined with the significant judgements and estimates required in determining the fair value. The valuations are dependent on certain key inputs that require significant management judgements and estimates, which involve comparable market transactions with adjustments for location and condition, and comparable market rents and capitalisation rate.	Our procedures in relation to the valuation of investment properties — retail and office premises in the Mainland China included: • Obtaining the valuation report and evaluating the management's process in respect of reviewing the valuation performed by the Valuers. • Evaluating the competence, capabilities and objectivity of the Valuers. • Evaluating the valuation techniques and assessing the reasonableness of the key inputs used in the valuations based on available market data. • Assessing the integrity of information provided by the management to the Valuers by comparing the details of rentals on a sample basis to the respective underlying existing lease agreements. • Evaluating the reasonableness of the key inputs by comparing the market rents estimated by the Valuers benchmarking capitalisation rate against market data and comparing adjusted market price with comparable market transactions for comparable properties in similar location and condition on a sample basis.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leung Chui Shan.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
27 March 2025

Consolidated Statement of Profit or Loss

For the year ended 31 December 2024

	NOTES	2024 HK$'000	2023 HK$'000
Revenue	5	**3,841,472**	3,450,954
Cost of sales		**(3,033,618)**	(2,750,237)
Gross profit		**807,854**	700,717
Other income	7(a)	**91,332**	77,881
Other gains and losses	7(b)	**(17,609)**	31,094
Impairment loss under expected credit loss ("ECL") model, net of reversal		**(27,065)**	(4,931)
Selling and distribution expenses		**(85,631)**	(84,274)
Administrative expenses		**(401,471)**	(394,991)
Research and development expenses		**(189,661)**	(162,388)
Fair value changes of investment properties	16	**(299,754)**	(123,085)
Finance costs	9	**(53,409)**	(60,818)
Share of results of associates		**4,357**	(3,573)
Share of results of joint ventures		**134**	(2,191)
Loss before taxation	10	**(170,923)**	(26,559)
Taxation	11	**87,070**	24,794
Loss for the year		**(83,853)**	(1,765)
(Loss) profit for the year attributable to:			
Owners of the Company		**(53,307)**	4,047
Non-controlling interests		**(30,546)**	(5,812)
		(83,853)	(1,765)
(Loss) earnings per share	12		
Basic and diluted		**(HK1.73 cents)**	HK0.13 cents

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
Loss for the year	**(83,853)**	(1,765)
Other comprehensive expense:		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translating foreign operations		
— subsidiaries	**(247,728)**	(240,855)
— associates	**(7,514)**	(7,223)
— joint ventures	**637**	(2,160)
Reclassification adjustments for the cumulative exchange differences upon deregistration of a joint venture	**(16,213)**	–
	(270,818)	(250,238)
Total comprehensive expense for the year	**(354,671)**	(252,003)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(257,091)**	(185,517)
Non-controlling interests	**(97,580)**	(66,486)
	(354,671)	(252,003)

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	14	**2,241,421**	1,994,602
Right-of-use assets	15	**196,624**	231,608
Investment properties	16	**7,992,128**	8,536,258
Interests in associates	17	**237,007**	240,426
Interests in joint ventures	18	**66,045**	137,413
Financial assets at fair value through profit or loss ("FVTPL")	22	**107,227**	125,915
Deposit paid for property, plant and equipment		**88,585**	20,872
Pledged bank deposits	23	**–**	10,000
Long term assets	19	**24,854**	22,775
		10,953,891	11,319,869
Current assets			
Inventories	20	**556,372**	455,543
Trade and other receivables	19	**1,200,250**	1,042,629
Amount due from a related party	21	**1,358**	207
Financial assets at FVTPL	22	**1,447**	2,226
Pledged bank deposits	23	**39,110**	19,546
Restricted bank deposits	23	**31,756**	30,112
Short-term bank deposits	23	**342,584**	204,008
Cash and cash equivalents	23	**1,154,546**	1,509,144
		3,327,423	3,263,415
Current liabilities			
Trade and other payables	24	**1,307,921**	1,204,944
Contract liabilities	25	**67,145**	50,258
Lease liabilities	26	**36,761**	34,075
Bank borrowings	27	**164,251**	5,531
Amount due to a joint venture	18	**64,087**	59,087
Loan from a related party	29	**–**	12,074
Taxation payable		**9,017**	61,679
		1,649,182	1,427,648
Net current assets		**1,678,241**	1,835,767
Total assets less current liabilities		**12,632,132**	13,155,636

Consolidated Statement of Financial Position

At 31 December 2024

	NOTES	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Lease liabilities	26	**68,720**	90,627
Bank borrowings	27	**185,574**	101,612
Loan from a major shareholder	28	**106,270**	109,890
Loan from a related party	29	**1,057,386**	1,159,451
Deferred taxation	30	**2,097,893**	2,223,096
		3,515,843	3,684,676
		9,116,289	9,470,960
Capital and reserves			
Share capital	31	**1,154,511**	1,154,511
Reserves		**5,999,875**	6,256,966
Equity attributable to owners of the Company		**7,154,386**	7,411,477
Non-controlling interests		**1,961,903**	2,059,483
		9,116,289	9,470,960

The consolidated financial statements on pages 67 to 145 were approved and authorised for issue by the Board of Directors on 27 March 2025 and are signed on its behalf by:

Wang Hui
Director

Song Shuqing
Director

	Attributable to owners of the Company									
	Share capital HK$'000	Special capital reserve HK$'000	General reserve HK$'000 *(Note a)*	Translation reserve HK$'000	Property revaluation reserve HK$'000	Other reserves HK$'000 *(Note b)*	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2023	1,154,511	14,044	112,651	(209,036)	30,523	44,926	6,511,075	7,658,694	2,125,969	9,784,663
Profit (loss) for the year	–	–	–	–	–	–	4,047	4,047	(5,812)	(1,765)
Exchange differences arising on translating foreign operations										
— subsidiaries	–	–	–	(180,181)	–	–	–	(180,181)	(60,674)	(240,855)
— associates	–	–	–	(7,223)	–	–	–	(7,223)	–	(7,223)
— joint ventures	–	–	–	(2,160)	–	–	–	(2,160)	–	(2,160)
Total comprehensive (expense) income for the year	–	–	–	(189,564)	–	–	4,047	(185,517)	(66,486)	(252,003)
Dividend recognised as distribution *(note 13)*	–	–	–	–	–	–	(61,700)	(61,700)	–	(61,700)
Transfer to general reserve	–	–	32,154	–	–	–	(32,154)	–	–	–
	–	–	32,154	–	–	–	(93,854)	(61,700)	–	(61,700)
At 31 December 2023	1,154,511	14,044	144,805	(398,600)	30,523	44,926	6,421,268	7,411,477	2,059,483	9,470,960

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Attributable to owners of the Company									
	Share capital HK$'000	Special capital reserve HK$'000	General reserve HK$'000 *(Note a)*	Translation reserve HK$'000	Property revaluation reserve HK$'000	Other reserves HK$'000 *(Note b)*	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2024	1,154,511	14,044	144,805	(398,600)	30,523	44,926	6,421,268	7,411,477	2,059,483	9,470,960
Loss for the year	–	–	–	–	–	–	(53,307)	(53,307)	(30,546)	(83,853)
Exchange differences arising on translating foreign operations										
— subsidiaries	–	–	–	(180,694)	–	–	–	(180,694)	(67,034)	(247,728)
— associates	–	–	–	(7,514)	–	–	–	(7,514)	–	(7,514)
— joint ventures	–	–	–	637	–	–	–	637	–	637
Reclassification adjustments for the cumulative exchange differences upon deregistration of a joint venture	–	–	–	(16,213)	–	–	–	(16,213)	–	(16,213)
Total comprehensive expense for the year	–	–	–	(203,784)	–	–	(53,307)	(257,091)	(97,580)	(354,671)
Transfer to general reserve	–	–	6,136	–	–	–	(6,136)	–	–	–
At 31 December 2024	1,154,511	14,044	150,941	(602,384)	30,523	44,926	6,361,825	7,154,386	1,961,903	9,116,289

Notes:

(a) The general reserve represents statutory surplus reserve that are non-distributable and the transfer to these reserves is determined by the board of directors of subsidiaries established in the Mainland China in accordance with the Articles of Association of the subsidiaries. Appropriations to such reserves are made out of net profit after taxation of the statutory financial statements of the Mainland China subsidiaries of the Company and the allocation basis are decided by their board of directors annually.

(b) The other reserves represent (i) capital contribution from a major shareholder of the Company arising from acquisition of subsidiaries, (ii) the difference between the amount of non-controlling interests and fair value of consideration paid upon acquisition of additional interests in subsidiaries, and (iii) amount arising from deemed disposal of partial interest in a subsidiary without a loss of control.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
OPERATING ACTIVITIES		
Loss before taxation	**(170,923)**	(26,559)
Adjustments for:		
Interest income	**(30,445)**	(37,418)
Interest expense	**53,409**	60,818
Depreciation of property, plant and equipment	**211,113**	222,908
Depreciation of right-of-use assets	**40,894**	42,941
Impairment loss under ECL model, net of reversal	**27,065**	4,931
Fair value changes of investment properties	**299,754**	123,085
Net loss from change in fair value of financial assets at FVTPL	**15,699**	4,952
Allowance for obsolete inventories	**1,365**	15,171
Share of results of associates	**(4,357)**	3,573
Share of results of joint ventures	**(134)**	2,191
Loss on deregistration of a joint venture	**13,712**	–
(Gain) loss on disposal/written off of property, plant and equipment	**(576)**	401
Operating cash flows before movements in working capital	**456,576**	416,994
(Increase) decrease in inventories	**(115,006)**	29,958
Increase in trade and other receivables	**(218,887)**	(51,393)
Increase (decrease) in trade and other payables	**125,805**	(111,170)
Increase in contract liabilities	**19,028**	2,177
Cash generated from operations	**267,516**	286,566
Hong Kong Profits Tax paid	**(387)**	(11,874)
Mainland China Enterprise Income Tax ("EIT") paid	**(19,600)**	(30,486)
NET CASH FROM OPERATING ACTIVITIES	**247,529**	244,206

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	2024 HK$'000	2023 HK$'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(527,405)	(411,961)
Payment for development costs incurred in respect of investment properties	(25,103)	(20,683)
Deposit paid for property, plant and equipment	(86,792)	(19,746)
Placement of short-term bank deposits	(351,550)	(205,362)
Withdrawal of short-term bank deposits	202,451	364,102
Placement of pledged bank deposits	(40,134)	(84,167)
Withdrawal of pledged bank deposits	29,320	95,168
Placement of restricted bank deposits	(3,817)	(1,480)
Withdrawal of restricted bank deposits	1,400	1,106
Advance to a related party	(1,118)	(206)
Repayment from a related party	–	33,398
Repayment from a joint venture	5,000	–
Interest received	30,445	37,418
Dividend received from an associate	–	3,259
Proceeds from disposal of property, plant and equipment	4,446	1,798
Proceeds on deregistration of a joint venture	74,003	–
NET CASH USED IN INVESTING ACTIVITIES	(688,854)	(207,356)
FINANCING ACTIVITIES		
New bank loan raised	260,290	110,619
Repayment of bank borrowing	(7,634)	(2,765)
Repayment of loan from a related party	(78,707)	(15,487)
Loan from a related party	–	331,858
Repayments of lease liabilities	(32,401)	(38,362)
Interest paid	(44,025)	(54,146)
Interest paid on lease liabilities	(5,504)	(6,493)
Proceeds from discounted bills with recourse	–	12,154
Loan from a major shareholder	–	110,619
Dividend paid	–	(61,674)
Repayment of loan from a major shareholder	–	(553,097)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	92,019	(166,774)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(349,306)	(129,924)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,509,144	1,648,987
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(5,292)	(9,919)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTING BANK BALANCES AND CASH	1,154,546	1,509,144

1. GENERAL INFORMATION

China Aerospace International Holdings Limited (the "Company") is a public limited company incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report. China Aerospace Science & Technology Corporation ("CASC") is the major shareholder with significant influence over the Company, established in the Mainland China.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is also the functional currency of the Company.

The principal activity of the Company is investment holding. The principal activities of its major subsidiaries, associates and joint ventures are set out in notes 41, 17 and 18, respectively.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

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

The application of the amendments to HKFRSs in the current 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.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(continued)*

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 18	Presentation and Disclosure in Financial Statements[4]
Amendments to HKFRSs	Annual Improvements to HKFRS Accounting Standards — Volume 11[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKAS 21	Lack of Exchangeability[2]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS mentioned below, the directors of the Company anticipate that the application of all the amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 "Presentation and Disclosure in Financial Statements"

HKFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 "Presentation of Financial Statements". This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and HKFRS 7 "Financial Instruments: Disclosures". Minor amendments to HKAS 7 "Statement of Cash Flows" and HKAS 33 "Earnings per Share" are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange 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 that are measured at fair values of the end of each reporting period, as explained in the accounting policies set out below.

Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated income statement from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Basis of consolidation *(continued)*

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Revenue from contracts with customers

Information about the Group's policies relating to contracts with customers is provided in note 5.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 "Leases" at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Lease modification

Changes in considerations of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of the reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

Employee benefits

Retirement benefits costs

Payments to defined contribution retirement benefit schemes and state-managed retirement benefit scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees after deducting any amount already paid.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Taxation

Income tax expense represents the sum of the current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of time transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred taxes for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, which is always presumed to be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Property, plant and equipment

Property, plant and equipment are tangible assets that held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets other than properties under construction less their residual values over their estimated useful lives, using the straight line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of the reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at the fair values, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Financial assets at FVTPL

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under ECL on financial assets (including trade receivables, other receivables, amount due from a related party, pledged bank deposits, short-term bank deposits, restricted bank deposits, and cash and cash equivalents) and other items (including lease receivables), which are subject to impairment assessment under HKFRS 9 "Financial Instruments". The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-months ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables arising from contracts with customers and lease receivables.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9 *(continued)*

(i) Significant increase in credit risk *(continued)*

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9 *(continued)*

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings or when the management considers that the past due balances are not recoverable. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. Trade receivables with significant balances and credit-impaired are assessed individually. The Group has assessed the ECL on the remaining balances collectively taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- past-due status and historical credit loss experience;
- nature, size and industry of debtors; and
- internal credit ratings.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION *(continued)*

Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets and lease receivables subject to impairment assessment under HKFRS 9 *(continued)*

(v) Measurement and recognition of ECL *(continued)*

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The followings are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Deferred taxation on investment properties

For the purposes of measuring deferred taxes arising from investment properties that are depreciable and measured using the fair value model, the management of the Group has reviewed the Group's investment properties portfolios and concluded that for certain portion of the Group's investment properties which is classified as retail and offices premises located in the Mainland China, are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation arising from these investment properties, the management determined that the presumption that these investment properties measured using the fair value model are recovered through sale is not rebutted. As a result, the Group has recognised deferred tax liabilities on changes in fair value of these investment properties taking into account the Land Appreciation Tax ("LAT") and EIT payable upon sales of those investment properties.

For the Group's investment properties located in Hong Kong and certain investment properties in the Mainland China are being held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation arising from these investment properties located in these locations, the management of the Group determined that the presumption that investment properties measured using the fair value model are recovered through sale is rebutted.

The deferred tax impact of the Group is recognised at the end of the reporting period as shown in note 30.

(b) Revenue recognition from sales of manufacturing products with no alternative use at a point in time

Revenue is recognised over time when the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Significant judgment is required in determining whether the terms of the Group's contracts with customers in relation to products with no alternative use create an enforceable right to payment for the Group. After considering the contract terms and the relevant local laws that apply to those relevant contracts, the terms of the relevant sales contracts do not create an enforceable right to payment for performance completed to date. Accordingly, the sales of manufacturing products with no alternative use is considered to be performance obligation satisfied at a point in time.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty

The followings are the key sources of estimation uncertainty at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year.

(a) Fair value of investment properties

Investment properties are stated at fair value based on the valuations performed by independent professional valuers. The determination of the fair value involves certain assumptions of market conditions which are set out in note 16.

The directors of the Company have exercised their judgement and are satisfied that the method of valuation is reflective of the current market conditions. Changes to the method of valuation or assumptions would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2024, the carrying amount of the Group's investment properties is HK$7,992,128,000 (2023: HK$8,536,258,000).

(b) Provision of ECL for trade receivables from contracts with customers and leases receivables

Trade receivables and leases receivables for the two whole lease tenants with significant balances and/or credit-impaired, are assessed for ECL individually. In addition, the Group estimates ECL on the remaining balances collectively through groupings of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, industry, aging, repayment histories and/or past due status of respective debtors and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. The Group has adopted a similar range of expected loss rates in the current year as the Group does not expect there is a material change in the financial markets and the Mainland China real estate sector. The information about the ECL and the Group's trade receivables and lease receivables are disclosed in note 37.

5. REVENUE

(i) Disaggregation of revenue

	For the year ended 31 December 2024 Timing for revenue recognition		
	A point in time HK$'000	Over time HK$'000	Total HK$'000
Manufacturing of goods *(Note)*	**3,608,052**	**–**	**3,608,052**
Property management fee	**–**	**44,797**	**44,797**
Others	**6,441**	**–**	**6,441**
Revenue from contracts with customer	**3,614,493**	**44,797**	**3,659,290**
Leases			**182,182**
Total revenue			**3,841,472**

	For the year ended 31 December 2023 Timing for revenue recognition		
	A point in time HK$'000	Over time HK$'000	Total HK$'000
Manufacturing of goods *(Note)*	3,224,995	–	3,224,995
Property management fee	–	41,767	41,767
Others	7,358	–	7,358
Revenue from contracts with customer	3,232,353	41,767	3,274,120
Leases			176,834
Total revenue			3,450,954

Note: Manufacturing of goods represents external sales of plastics products, liquid crystal display, printed circuit boards, intelligent chargers and intelligent power modules under Hi-Tech Manufacturing Business, as detailed in segment information.

5. REVENUE *(continued)*

(ii) Performance obligations for contracts with customers

a) Manufacturing of goods (revenue recognised at a point in time)

The Group sells plastic products, liquid crystal display, printed circuit boards, intelligent chargers and intelligent power modules to customers.

For sales of plastic products, liquid crystal display, printed circuit boards, intelligent chargers and intelligent power modules (including those manufacturing products with no alternative use but the Group has no enforceable right to payable for performance completed to date), revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customers. The contracts with customers are with fixed consideration and the duration is within one year. As permitted under HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Advance payments may be received based on terms of sales contract and any transactions price received by the Group is recognised as a contract liability until the goods have been delivered to the customers. The average normal credit term is 30 to 120 days upon delivery.

Sales-related warranties associated with sales of goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with HKAS 37 "Provisions, Contingent Liabilities and Contingent Assets".

b) Property management fee (revenue recognised over time)

The Group invests in properties in Shenzhen Aerospace Science & Technology Plaza (the "S&T Plaza") and other properties including industrial and office premises in Hong Kong and the Mainland China. Property management fee income is recognised as a performance obligation satisfied over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. The Group applied the practical expedient in HKFRS 15 by recognising revenue in the amount to which the Group has right to invoice, since the Group is entitled to bill the value of the Group's performance completed to date according to the terms of the relevant agreements. As permitted under HKFRS 15, the aggregate amount of the transaction price allocated to the unsatisfied contracts is not disclosed.

6. 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 (2023: 7 reportable segments), namely Hi-Tech Manufacturing Business (including plastic products, liquid crystal display, printed circuit boards, intelligent chargers, intelligent power modules and industrial property investment) and Aerospace Service (including property investment in the S&T 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 segment in both current and prior year. Accordingly, these were grouped in "Other Business".

6. SEGMENT INFORMATION *(continued)*

(a) An analysis of the Group's revenue and results by reportable segments is as follows:

For the year ended 31 December 2024

	Revenue			
	External sales HK$'000	Inter-segment sales HK$'000	Total HK$'000	Segment results HK$'000
Hi-Tech Manufacturing Business				
Plastic products	1,659,515	26,321	1,685,836	67,862
Liquid crystal display	650,887	306	651,193	42,364
Printed circuit boards	994,959	–	994,959	39,882
Intelligent chargers	285,266	1,123	286,389	178
Intelligent power modules	17,424	–	17,424	(30,912)
Industrial property investment	10,525	27,526	38,051	(27,963)
	3,618,576	55,276	3,673,852	91,411
Aerospace Service				
Property investment in S&T Plaza	213,746	5,148	218,894	(132,099)
Reportable segments total	3,832,322	60,424	3,892,746	(40,688)
Elimination	–	(60,605)	(60,605)	–
Other Business	9,150	181	9,331	1,248
	3,841,472	–	3,841,472	(39,440)
Unallocated corporate income				34,243
Unallocated corporate expenses				(82,196)
Unallocated gains and losses				(34,612)
Share of results of associates				4,357
Share of results of joint ventures				134
Finance costs				(53,409)
Loss before taxation				(170,923)

6. SEGMENT INFORMATION *(continued)*

(a) An analysis of the Group's revenue and results by reportable segments is as follows: *(continued)*

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 S&T 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)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. 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, 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 FVTPL and loss on deregistration of a joint venture), unallocated corporate income (including interest income and other unallocated income) and unallocated corporate expenses. 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.

6. SEGMENT INFORMATION *(continued)*

(b) The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

	2024 HK$'000	2023 HK$'000
Segment assets		
Hi-Tech Manufacturing Business		
Plastic products	**1,411,838**	1,301,069
Liquid crystal display	**479,336**	541,298
Printed circuit boards	**1,600,703**	1,194,989
Intelligent chargers	**242,689**	210,297
Intelligent power modules	**148,994**	68,104
Industrial property investment	**196,245**	220,474
	4,079,805	3,536,231
Aerospace Service		
Property investment in S&T Plaza	**8,039,994**	8,593,131
Total assets for reportable segments	**12,119,799**	12,129,362
Other Business	**108,999**	101,035
Interests in associates	**237,007**	240,426
Interests in joint ventures	**66,045**	137,413
Unallocated assets	**1,749,464**	1,975,048
Consolidated assets	**14,281,314**	14,583,284
Segment liabilities		
Hi-Tech Manufacturing Business		
Plastic products	**487,136**	512,908
Liquid crystal display	**124,949**	130,378
Printed circuit boards	**396,590**	301,508
Intelligent chargers	**84,197**	67,993
Intelligent power modules	**14,379**	7,742
Industrial property investment	**10,994**	7,970
	1,118,245	1,028,499
Aerospace Service		
Property investment in S&T Plaza	**57,052**	4,191
Total liabilities for reportable segments	**1,175,297**	1,032,690
Unallocated liabilities	**3,989,728**	4,079,634
Consolidated liabilities	**5,165,025**	5,112,324

6. SEGMENT INFORMATION *(continued)*

(b) The following is an analysis of the Group's assets and liabilities by operating and reportable segments: *(continued)*

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating and reportable segments other than cash and cash equivalents, short-term bank deposits, restricted bank deposits, pledged bank deposits, amount due from a related party, financial assets at FVTPL, interests in joint ventures, interests in associates, and the other unallocated assets; and

- all liabilities are allocated to operating and reportable segments other than taxation payable, deferred taxation, loan from a major shareholder, loan from a related party, bank borrowings, amount due to a joint venture and the other unallocated liabilities.

(c) Other segment information

Amounts included in the measure of segment profit or loss or segment assets:

2024

	Capital additions HK$'000	Depreciation and amortisation HK$'000	Fair value loss on investment properties HK$'000	(Gain) loss on disposal/ written off of property, plant and equipment HK$'000	Impairment loss (reversal of impairment) under ECL model, net HK$'000	Allowance (reversal of allowance) for obsolete inventories HK$'000
Hi-Tech Manufacturing Business						
Plastic products	77,136	86,750	2,100	(801)	–	2,078
Liquid crystal display	13,337	30,538	–	31	19,830	–
Printed circuit boards	317,865	78,651	–	86	20	58
Intelligent chargers	4,321	5,890	–	104	21	(771)
Intelligent power modules	78,816	6,360	–	–	–	–
Industrial property investment	42,240	26,307	22,722	3	–	–
	533,715	234,496	24,822	(577)	19,871	1,365
Aerospace Service						
Property investment in S&T Plaza	8,006	9,888	269,513	–	7,385	–
Reportable segments total	541,721	244,384	294,335	(577)	27,256	1,365
Other Business	19,215	34	5,419	4	(191)	–
Unallocated	18,732	7,589	–	(3)	–	–
Total	579,668	252,007	299,754	(576)	27,065	1,365

6. SEGMENT INFORMATION *(continued)*

(c) Other segment information *(continued)*

2023

	Capital additions HK$'000	Depreciation and amortisation HK$'000	Fair value loss on investment properties HK$'000	(Gain) loss on disposal/ written off of property, plant and equipment HK$'000	Impairment loss (reversal of impairment) under ECL model, net HK$'000	(Reversal of) allowance for obsolete inventories HK$'000
Hi-Tech Manufacturing Business						
Plastic products	44,934	80,194	1,580	(235)	–	(68)
Liquid crystal display	12,988	39,793	–	370	–	–
Printed circuit boards	221,125	98,124	–	(99)	114	12,930
Intelligent chargers	6,103	6,553	–	111	34	2,309
Intelligent power modules	42,553	3,125	–	–	–	–
Industrial property investment	67,096	21,193	2,186	249	–	–
	394,799	248,982	3,766	396	148	15,171
Aerospace Service						
Property investment in S&T Plaza	13,315	10,213	115,336	5	11,824	–
Reportable segments total	408,114	259,195	119,102	401	11,972	15,171
Other Business	–	–	3,983	–	(7,041)	–
Unallocated	22,088	6,654	–	–	–	–
Total	430,202	265,849	123,085	401	4,931	15,171

6. SEGMENT INFORMATION *(continued)*

(d) Geographical information

The Group operates in two principal geographical areas — Hong Kong and the Mainland China.

The Group's revenue from external customers based on the location of operation and information about its non-current assets, excluded those relating to financial instruments, by geographical location are detailed below:

	Revenue from external customers		Non-current assets	
	2024	2023	**2024**	2023
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong, China	**1,784,353**	1,701,277	**236,816**	250,897
Mainland China	**1,839,928**	1,636,450	**10,403,207**	10,722,422
Overseas	**217,191**	113,227	**206,641**	210,635
	3,841,472	3,450,954	**10,846,664**	11,183,954

Information about major customers

No individual customer of the Group has contributed over 10% of the revenue of the Group for both reporting periods.

7. OTHER INCOME, AND OTHER GAINS AND LOSSES

(a) Other income

	2024	2023
	HK$'000	HK$'000
The Group's other income mainly comprises:		
Interest income	**30,445**	37,418
Sales of scrap materials	**31,029**	23,408
Government subsidies *(Note)*	**15,147**	5,578

Note: During the year, the Group received government grants of HK$15,147,000 (2023: HK$5,578,000) in aggregate from various PRC government authorities as an incentive for business development including infrastructure improvement. Out of the aggregated amount, HK$9,378,000 (2023: nil) are to be amortised and released to profit or loss on a systematic basis over the useful lives of the related assets as it is related to the specific assets. During the year, HK$1,580,000 (2023: nil) of the grants have been released to profit or loss. For the remaining amount, there were no specific conditions attached to the grants and the Group recognised the grants upon receipts.

(b) Other gains and losses

	2024	2023
	HK$'000	HK$'000
The Group's other gains and losses mainly comprise:		
Loss on deregistration of a joint venture	**(13,712)**	–
Net exchange gain (loss)	**11,226**	(200)
Net loss from change in fair value of financial assets at FVTPL	**(15,699)**	(4,952)
Net gain (loss) on disposal/written off of property, plant and equipment	**576**	(401)
Reversal of provision for litigation *(Note)*	**–**	22,962

Note: 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 (2024: nil).

8. DIRECTORS' AND HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 10 (2023: 11) directors are as follows:

	Executive directors			Non-executive directors			Independent non-executive directors				
	Song Shuqing HK$'000	Wang Hui# HK$'000	Zhou Limin^ HK$'000	Hua Chongzhi HK$'000	Teng Fangqian HK$'000	Peng Jianguo HK$'000	Luo Zhenbang HK$'000	Chen Jingru HK$'000	Xue Lan* HK$'000	Wang Xiaojun## HK$'000	2024 Total HK$'000
Directors' fees											
Executives	–	–	–	80	80	–	–	–	–	–	160
Non-executives (excluding independent non-executives)	–	–	–	–	–	–	–	–	–	–	–
Independent non-executives	–	–	–	–	–	–	190	190	146	45	571
	–	–	–	80	80	–	190	190	146	45	731
Other emoluments											
Salaries and other benefits	1,312	542	1,065	12	10	–	118	138	51	7	3,255
Bonuses	264	–	660	–	–	–	–	–	–	–	924
Contributions to retirement benefits scheme	211	110	178	–	–	–	–	–	–	–	499
	1,787	652	1,903	12	10	–	118	138	51	7	4,678
Total emoluments	1,787	652	1,903	92	90	–	308	328	197	52	5,409

8. DIRECTORS' AND HIGHEST PAID INDIVIDUALS' EMOLUMENTS *(continued)*

(a) Directors' emoluments *(continued)*

	Executive directors			Non-executive directors					Independent non-executive directors			
	Zhou Limin HK$'000	Song Shuqing^^ HK$'000	Jin Xuesheng^^^ HK$'000	Hua Chongzhi HK$'000	Teng Fangqian** HK$'000	Peng Jianguo** HK$'000	Liu Xudong### HK$'000	Mao Yijin### HK$'000	Luo Zhenbang HK$'000	Chen Jingru HK$'000	Wang Xiaojun HK$'000	2023 Total HK$'000
Directors' fees												
Executives	–	–	–	–	–	–	–	–	–	–	–	–
Non-executives (excluding independent non-executives)	–	–	–	88	74	–	103	33	–	–	–	298
Independent non-executives	–	–	–	–	–	–	–	–	190	190	190	570
	–	–	–	88	74	–	103	33	190	190	190	868
Other emoluments												
Salaries and other benefits	1,436	1,313	–	19	12	–	20	7	118	138	58	3,121
Bonuses	428	–	400	–	–	–	–	–	–	–	–	828
Contributions to retirement benefits scheme	207	241	–	–	–	–	–	–	–	–	–	448
	2,071	1,554	400	19	12	–	20	7	118	138	58	4,397
Total emoluments	2,071	1,554	400	107	86	–	123	40	308	328	248	5,265

Note: The bonuses are determined with reference to the operating results, individual performance and comparable market statistics for the year.

Mr. Song Shuqing is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group while the non-executive and independent non-executive directors' emoluments shown above are for their services as directors of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during both years.

Appointed on 23 July 2024
^ Resigned on 23 July 2024
* Appointed on 26 March 2024
Resigned on 26 March 2024
^^ Appointed on 10 February 2023
** Appointed on 2 March 2023
Resigned on 2 March 2023
^^^ Resigned on 10 February 2023

8. DIRECTORS' AND HIGHEST PAID INDIVIDUALS' EMOLUMENTS *(continued)*

(b) Highest paid individuals' emoluments

During the year, the five highest paid individuals included two directors (2023: one director), details of whose emoluments are set out above. The emoluments of the remaining three (2023: four) highest paid individuals are as follows:

	2024 HK$'000	2023 HK$'000
Salaries and other benefits	1,783	2,298
Bonuses *(Note)*	7,135	10,404
Contributions to retirement benefits scheme	73	80
	8,991	12,782

Note: The bonuses are determined with reference to the operating results, individual performance and comparable market statistics for the year.

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

Emoluments band	Number of individuals 2024	2023
HK$3,500,001 to HK$4,000,000	–	2
HK$3,000,001 to HK$3,500,000	2	–
HK$2,500,001 to HK$3,000,000	–	1
HK$2,000,001 to HK$2,500,000	1	1

During both years, no emoluments were paid by the Group to the directors and five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no director waived any emoluments during both years.

9. FINANCE COSTS

	2024 HK$'000	2023 HK$'000
Interest expenses on		
— bank loans	**4,314**	2,972
— loan from a major shareholder	**5,543**	9,910
— loan from a related party	**38,048**	41,443
— lease liabilities	**5,504**	6,493
	53,409	60,818

10. LOSS BEFORE TAXATION

	2024 HK$'000	2023 HK$'000
Loss before taxation has been arrived at after crediting:		
Auditors' remuneration		
— Audit services	**2,988**	3,998
— Non-audit services	**788**	1,485
Cost of inventories charged to profit or loss including allowance for obsolete inventories of HK$1,365,000 (2023: HK$15,171,000)	**2,996,740**	2,706,783
Depreciation of property, plant and equipment *(Note)*	**211,113**	222,908
Depreciation of right-of-use assets *(Note)*	**40,894**	42,941
Staff costs, including directors' remuneration *(Note)*	**839,757**	818,854
Gross rental income from investment properties	**(182,182)**	(176,834)
Less: Direct operating expenses for investment properties that generated rental income during the year	**9,086**	8,171
	(173,096)	(168,663)

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

11. TAXATION

The tax charge (credit) for the year comprises:

	2024 **HK$'000**	2023 HK$'000
Current tax:		
Hong Kong Profits Tax	**1,779**	2,488
Mainland China EIT	**21,269**	16,893
	23,048	19,381
Overprovision in prior years:		
Hong Kong Profits Tax	**(143)**	(24)
Mainland China EIT	**(55,972)**	–
	(56,115)	(24)
Deferred tax credit *(note 30)*	**(54,003)**	(44,151)
	(87,070)	(24,794)

11. TAXATION *(continued)*

The income tax credit for the year can be reconciled to the loss before taxation per consolidated statement of profit or loss as follows:

	2024 HK$'000	2023 HK$'000
Loss before taxation	**(170,923)**	(26,559)
Tax at applicable income tax*	**(42,731)**	(6,640)
Tax effect of share of results of associates	**(1,089)**	893
Tax effect of share of results of joint ventures	**(34)**	548
Tax effect of expenses not deductible for tax purpose	**852**	7,431
Tax effect of income not taxable for tax purpose	**(18,886)**	(21,057)
Tax effect of deductible temporary difference not recognised	**1,844**	3,366
Tax effect of derecognition of deductible temporary difference previously recognised	**55,971**	–
Land appreciation tax	**(53,445)**	(24,548)
Tax effect of land appreciation tax deductible for Mainland China EIT	**13,361**	6,137
Super Deduction for research and development expenses	**(21,180)**	(35,262)
Tax effect of tax losses not recognised	**39,358**	56,517
Utilisation of tax losses previously not recognised	**(1,682)**	(9,975)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**2,003**	(464)
Effect of income tax on concessionary rates for certain subsidiaries	**(5,429)**	(1,529)
Overprovision in prior years	**(56,115)**	(24)
Others	**132**	(187)
Income tax credit for the year	**(87,070)**	(24,794)

* The tax rate of 25% represents the domestic tax rate (which is Mainland China EIT) in the jurisdiction where the major current tax is charged.

Hong Kong Profits Tax for both years is calculated at 16.5% of the estimated assessable profits for the years, 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%. Four subsidiaries (2023: 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%.

The overprovision in prior years mainly represents a refund of Mainland China EIT on the rental income, damages, compensation and litigation fees in relation to the leases with Hangke Houhai and Huabaorun (as defined in note 37(b)).

11. TAXATION *(continued)*

According to the requirements of the Provisional Regulations of the People's Republic of China on LAT effective from 1 January 1994 and amended on 8 January 2011, and the Implementation Rules on the Provisional Regulations of the People's Republic of China on LAT effective from 27 January 1995, all gains arising from the sale or transfer of real estate in the Mainland China with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including payments made for acquisition of land use rights, costs and expenses for the development of the land or for construction of new buildings and supporting facilities, or the assessed value for old buildings and structures, tax payable relating to transfer of the real estate and other deductible items prescribed by the Ministry of Finance.

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% (2023: 200%) of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction").

Details of deferred taxation are set out in note 30.

12. (LOSS) EARNINGS PER SHARE

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

	2024 **HK$'000**	2023 HK$'000
(Loss) earnings		
(Loss) profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss) earnings per share	**(53,307)**	4,047

	2024 **Number of shares**	2023 Number of shares
Number of shares		
Number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	**3,085,022,000**	3,085,022,000

The computation of diluted (loss) earnings per share did not assume the conversion of the outstanding convertible loan notes issued by an associate since their exercise would result in decrease in loss per share for 2024 and increase in earnings per share for 2023.

13. DIVIDENDS

	2024 **HK$'000**	2023 HK$'000
Dividends recognised as distribution during the year:		
2023 final dividend of Nil (2023: 2022 final dividend of HK2 cents) per ordinary share	**–**	61,700

The board of the Company recommends not paying a final dividend in respect of the years ended 31 December 2024 and 2023.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings in Hong Kong HK$'000	Leasehold land and buildings outside HK$'000	Plant and equipment HK$'000	Motor vehicles HK$'000	Furniture and office equipment HK$'000	Construction in progress HK$'000	Total HK$'000
COST							
At 1 January 2023	76,875	1,053,671	1,605,581	31,308	469,550	62,152	3,299,137
Exchange realignment	–	(28,710)	(43,998)	(417)	(13,693)	(3,477)	(90,295)
Additions	–	–	76,142	505	48,597	287,563	412,807
Disposals/written off	–	(7,689)	(42,309)	(2,497)	(36,717)	–	(89,212)
Transfer	–	5,285	35,144	–	9,277	(49,706)	–
At 31 December 2023	**76,875**	**1,022,557**	**1,630,560**	**28,899**	**477,014**	**296,532**	**3,532,437**
Exchange realignment	**–**	**(40,029)**	**(61,492)**	**(759)**	**(17,463)**	**(12,549)**	**(132,292)**
Additions	**–**	**740**	**172,520**	**3,323**	**59,748**	**301,572**	**537,903**
Disposals/written off	**–**	**–**	**(23,253)**	**(5,043)**	**(1,912)**	**(273)**	**(30,481)**
Transfer	**–**	**113,785**	**45,035**	**–**	**12,634**	**(171,454)**	**–**
At 31 December 2024	**76,875**	**1,097,053**	**1,763,370**	**26,420**	**530,021**	**413,828**	**3,907,567**
DEPRECIATION AND IMPAIRMENT							
At 1 January 2023	52,730	224,295	845,349	25,415	295,383	–	1,443,172
Exchange realignment	–	(8,643)	(24,556)	(380)	(7,653)	–	(41,232)
Provided for the year	1,986	35,667	126,343	918	57,994	–	222,908
Eliminated on disposals/written off	–	(7,645)	(40,287)	(2,398)	(36,683)	–	(87,013)
At 31 December 2023	**54,716**	**243,674**	**906,849**	**23,555**	**309,041**	**–**	**1,537,835**
Exchange realignment	**–**	**(11,692)**	**(32,850)**	**(494)**	**(11,155)**	**–**	**(56,191)**
Provided for the year	**1,985**	**36,363**	**122,086**	**1,199**	**49,480**	**–**	**211,113**
Eliminated on disposals/written off	**–**	**–**	**(19,916)**	**(4,996)**	**(1,699)**	**–**	**(26,611)**
At 31 December 2024	**56,701**	**268,345**	**976,169**	**19,264**	**345,667**	**–**	**1,666,146**
CARRYING VALUES							
At 31 December 2024	**20,174**	**828,708**	**787,201**	**7,156**	**184,354**	**413,828**	**2,241,421**
At 31 December 2023	22,159	778,883	723,711	5,344	167,973	296,532	1,994,602

14. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress over their estimated useful lives and after taking into account their estimated residual values, using the straight line method, at the following rates per annum:

Leasehold land and buildings	Over the shorter of the terms of lease, or 50 years
Plant and equipment	5%–20%
Motor vehicles	10%–25%
Furniture and office equipment	5%–20%

15. RIGHT-OF-USE ASSETS

	Leasehold land HK$'000	Leased properties HK$'000	Total HK$'000
As at 31 December 2024			
Carrying amount	**102,714**	**93,910**	**196,624**
As at 31 December 2023			
Carrying amount	117,438	114,170	231,608
For the year ended 31 December 2024			
Depreciation charge	**7,077**	**33,817**	**40,894**
For the year ended 31 December 2023			
Depreciation charge	8,181	34,760	42,941

	2024 HK$'000	2023 HK$'000
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	**67**	52
Expense relating to short-term leases	**1,692**	1,756
Total cash outflow for leases	**39,664**	46,663
Additions to right-of-use assets	**16,662**	4,517

For both years, the Group leases various offices and warehouses for its operations in the Mainland China and Vietnam. Other than short-term leases, lease contracts are entered into for fixed term of 12 months to 30 years (2023: 14 months to 30 years). In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several industrial buildings where its manufacturing facilities are primarily located and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold land. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

15. RIGHT-OF-USE ASSETS *(continued)*

During the year ended 31 December 2023, the Group entered into new lease agreements for the use of leased properties of 14 months (2024: nil). On the lease commencement, the Group recognised additions to right-of-use assets and lease liabilities of HK$149,000 (2024: Nil). During the year ended 31 December 2024, lease terms of certain leases were extended through modification from 12 months to 3 years (2023: 24 months to 5 years) and the Group recognised additions to right-of-use assets and lease liabilities of HK$16,662,000 (2023: right-of-use assets and lease liabilities of HK$4,368,000). Both of these transactions constitute non-cash transactions.

The Group regularly entered into short-term leases for staff quarters and machineries. As at 31 December 2024 and 2023, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses.

16. INVESTMENT PROPERTIES

The Group leases out various industrial and offices premises, and retail shops under operating leases with rentals payable monthly. Rental deposits ranging from one to three months are received upon the inception of the lease. The leases typically run for an initial period of 1 to 10 years and rent-free periods have been granted to certain tenants. None of the leases included variable lease payment.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	2024 HK$'000	2023 HK$'000
FAIR VALUE		
At 1 January	**8,536,258**	8,895,276
Exchange realignment	**(269,479)**	(248,811)
Addition	**25,103**	12,878
Net change in fair value recognised in profit or loss	**(299,754)**	(123,085)
At 31 December	**7,992,128**	8,536,258
Unrealised loss on property revaluation included in profit or loss of current year		
— Investment properties	**(299,754)**	(123,085)

The fair values of the Group's investment properties at 31 December 2024 and 2023 have been arrived at on the basis of valuations carried out on those dates by Vigers Appraisal and Consulting Limited ("Vigers") for properties situated in Hong Kong and Knight Frank Petty Limited ("Knight Frank") for properties situated in the Mainland China. Vigers and Knight Frank are independent qualified professional valuers not connected with the Group.

16. INVESTMENT PROPERTIES *(continued)*

Fair value measurements and valuation processes

In determining the fair value of the relevant properties, the management would determine the appropriate valuation techniques and inputs for fair value measurements.

The Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

	Fair value as at 31.12.2024 HK$'000	Fair value as at 31.12.2023 HK$'000	**Fair value hierarchy**	**Valuation technique(s) and key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**
The Mainland China						
Industrial premises	**65,517**	68,577	Level 3	Income capitalisation approach The key inputs are: (1) Capitalisation rate; (2) Monthly market rent	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 7.5% per annum (2023: 7.5% per annum).	The higher the capitalisation rate, the lower the fair value.
					Monthly rent, using direct market comparable and taking into account of age, location and individual factors such as size of property, of Renminbi ("RMB")11.3/sq.m. (2023: RMB10.7/sq.m.) on average for the base level.	The higher the monthly market rent, the higher the fair value.
Office premises and carparks	**306,376**	303,512	Level 3	Income capitalisation approach The key inputs are: (1) Capitalisation rate; (2) Monthly market rent	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 4.0%–5.25% per annum (2023: 4.0%–5.25% per annum).	The higher the capitalisation rate, the lower the fair value.
					Monthly rent, using direct market comparable and taking into account of age, location and individual factors such as size of property and layout/design, of RMB81–171/sq.m. (2023: RMB91–177/sq.m.) on average.	The higher the monthly market rent, the higher the fair value.

16. INVESTMENT PROPERTIES *(continued)*

Fair value measurements and valuation processes *(continued)*

	Fair value as at 31.12.2024 HK$'000	Fair value as at 31.12.2023 HK$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
The Mainland China *(continued)*						
Retail and office premises	**7,486,185**	8,006,119	Level 3	Income capitalisation approach The key inputs are: (1) Capitalisation rate; (2) Monthly market rent	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 6.5% per annum (2023: 6.5% per annum) (retail) and 4.25% per annum (2023: 4.0% per annum) (office).	The higher the capitalisation rate, the lower the fair value.
					Monthly market rent, using direct market comparable and taking into account of age, location and individual factors such as size of property, of RMB94–142/ sq.m. (2023: RMB98–141/sq.m.) for retail and 184/sq.m. (2023: RMB187/sq.m.) for office.	The higher the monthly market rent, the higher the fair value.
Hong Kong						
Industrial premises	**134,050**	158,050	Level 3	Direct comparison method based on market observable transactions of similar properties adjusted timing of reference transactions and property-specific adjustments including nature, location and condition of the property	Adjusted market unit rate, mainly taking into account the conditions and location, of HK$5,928/sq.m. (2023: HK$7,094/sq.m.)	The higher the adjusted market unit rate, the higher the fair value.

The valuations are dependent on certain key inputs that require significant management judgements and estimates, which involves certain estimates of market conditions and assumptions made on the investment properties including comparable market transactions with adjustments to reflect different age, locations or conditions and information about the valuation techniques and inputs used in determining the fair value of the Group's investment properties, including comparable market transactions with adjustments to reflect different locations or conditions, and comparable market rents and capitalisation rate, are disclosed above.

There were no transfers into or out of level 3 during both years.

17. INTERESTS IN ASSOCIATES

	2024 HK$'000	2023 HK$'000
Cost of investments in associates	**217,487**	217,487
Share of post-acquisition profits, net of dividends received	**46,556**	42,199
Exchange realignment	**(27,036)**	(19,260)
Share of net assets	**237,007**	240,426

Details of the Group's associates at 31 December 2024 and 2023 are as follows:

Name of associates	**Nominal value of issued ordinary share capital/ registered capital**	**Percentage of equity attributable to the Group 2024 %**	**2023 %**	**Principal activities**
Registered and operating in the Mainland China:				
航天新商務信息科技有限公司*	RMB132,000,000	**15.15**	15.15	Provision of information service
航天數聯信息技術(深圳)有限公司	HK$128,460,000	**32.13**	32.13	Development and sale of software and related products, and warehouse and logistic services
深圳瑞華泰薄膜科技股份有限公司 ("Shenzhen Rayitek")**	RMB135,000,000	**23.38**	23.38	Manufacturing and distribution of polyimide films and related composite materials

* The Group has the ability to exercise significant influence over this associate because it has the power to appoint one representative in the board of that company. Accordingly, it is regarded as an associate of the Group.

** Its shares are listed on the Shanghai Stock Exchange.

17. INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of material associates

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with HKFRSs.

This associate is accounted for using the equity method in these consolidated financial statements.

Shenzhen Rayitek

	2024 HK$'000	2023 HK$'000
Current assets	**405,240**	359,721
Non-current assets	**2,319,465**	2,329,696
Current liabilities	**(1,037,829)**	(899,096)
Non-current liabilities	**(823,394)**	(899,927)
Revenue	**369,743**	305,230
Profit (loss) and total comprehensive income (expense) for the year	**1,360**	(17,639)
Dividend received	**–**	3,259

Reconciliation of the above summarised financial information to the carrying amount of the interest in Shenzhen Rayitek recognised in the consolidated financial statements:

	2024 HK$'000	2023 HK$'000
Net assets of Shenzhen Rayitek	**863,482**	890,394
Proportion of the Group's ownership interest in Shenzhen Rayitek	**23.38%**	23.38%
Carrying amount of the Group's interest in Shenzhen Rayitek*	**201,882**	208,174

* The market value of the Group's interest in Shenzhen Rayitek is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group, amounting to HK$549,629,000 (2023: HK$992,883,000).

17. INTERESTS IN ASSOCIATES *(continued)*

Aggregate information of associates that are not individually material

	2024 HK$'000	2023 HK$'000
The Group's share of profit and total comprehensive income for the year	**4,039**	551
Aggregate carrying amount of the Group's interests in these associates	**35,125**	32,252

18. INTERESTS IN JOINT VENTURES AND AMOUNT DUE TO A JOINT VENTURE

Interests in joint ventures

	2024 HK$'000	2023 HK$'000
Cost of unlisted investments in joint ventures	**66,149**	253,877
Share of post-acquisition losses	**(104)**	(90,075)
Exchange realignment	**–**	(26,389)
	66,045	137,413

On 29 November 2024, the deregistration process of Hainan Aerospace Investment Management Company Limited (海南航天投資管理有限公司) ("Hainan Aerospace") has been completed. Upon deregistration of the joint venture, proceeds of HK$74,003,000 were received, resulting in a loss of HK$13,172,000, after taking into account of the reclassification adjustments for the cumulative exchange differences of HK$16,213,000.

Amount due to a joint venture

	2024 HK$'000	2023 HK$'000
Amount due to a joint venture	**64,087**	59,087

The amount due to a joint venture is non-trade in nature, unsecured, interest free and repayable on demand.

18. INTERESTS IN JOINT VENTURES AND AMOUNT DUE TO A JOINT VENTURE *(continued)*

Details of the Group's joint ventures at 31 December 2024 and 2023 are as follows:

Name of joint ventures	2024 Nominal value of issued ordinary share capital/ registered capital	2024 Percentage of equity attributable to the Group %	2023 Nominal value of issued ordinary share capital/ registered capital	2023 Percentage of equity attributable to the Group %	Principal activities
Incorporated and operating in Hong Kong:					
China Aerospace New World Technology Limited ("Aerospace New World")	**HK$30,000,000**	**50**	HK$30,000,000	50	Investment holding
Registered and operating in the Mainland China:					
Hainan Aerospace	**N/A**	**N/A**	RMB200,000,000	50	Land development

According to the legal form and the contractual arrangements, each of the joint venturers in the joint ventures, under the joint control arrangement, has rights to the net assets of the entities, hence it is regarded as joint venture.

Summarised financial information of material joint ventures

Summarised financial information in respect of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

Hainan Aerospace

	2024 HK$'000	2023 HK$'000
Current assets	**N/A**	128,069
Non-current assets	**N/A**	14,498
Current liabilities	**N/A**	(39)

The above amounts of assets include the following:

	2024 HK$'000	2023 HK$'000
Cash and cash equivalents	**N/A**	128,033

18. INTERESTS IN JOINT VENTURES AND AMOUNT DUE TO A JOINT VENTURE *(continued)*

Summarised financial information of material joint ventures *(continued)*

Hainan Aerospace *(continued)*

	2024 HK$'000	2023 HK$'000
Other income	**50**	2,429
Profit (loss) and total comprehensive income (expense) for the year	**476**	(4,318)

The above profit (loss) for the year includes the following:

	2024 HK$'000	2023 HK$'000
Depreciation and amortisation	**–**	(408)
Interest income	**792**	1,383

Reconciliation of the above summarised financial information to the carrying amount of the interest in Hainan Aerospace recognised in the consolidated financial statements:

	2024 HK$'000	2023 HK$'000
Net assets of Hainan Aerospace	**N/A**	142,528
Proportion of the Group's ownership interest in Hainan Aerospace	**N/A**	50%
Carrying amount of the Group's interest in Hainan Aerospace	**N/A**	71,264

Aerospace New World

	2024 HK$'000	2023 HK$'000
Current assets	**132,480**	133,019
Current liabilities	**(390)**	(722)
The above amounts of assets include the following:		
Cash and cash equivalents	**4,515**	14,946

18. INTERESTS IN JOINT VENTURES AND AMOUNT DUE TO A JOINT VENTURE *(continued)*

Summarised financial information of material joint ventures *(continued)*

Aerospace New World *(continued)*

	2024 HK$'000	2023 HK$'000
Other income	234	735
(Loss) profit and total comprehensive (expense) income for the year	(208)	1,262

The above (loss) profit for the year includes the following:

	2024 HK$'000	2023 HK$'000
Interest income	233	689
Income tax credit	171	816

Reconciliation of the above summarised financial information to the carrying amount of the interest in Aerospace New World recognised in the consolidated financial statements:

	2024 HK$'000	2023 HK$'000
Net assets of Aerospace New World	132,090	132,297
Proportion of the Group's ownership interest in Aerospace New World	50%	50%
Carrying amount of the Group's interest in Aerospace New World	66,045	66,149

19. TRADE AND OTHER RECEIVABLES AND LONG TERM ASSETS

	2024 HK$'000	2023 HK$'000
Trade receivables from contracts with customers		
— Hi-Tech Manufacturing Business	**1,045,549**	902,842
— Aerospace Service	**51,319**	54,359
	1,096,868	957,201
Less: Allowance for credit losses	**(75,714)**	(57,374)
	1,021,154	899,827
Lease receivables		
— billed	**57,492**	283,120
— unbilled	**24,854**	22,775
	82,346	305,895
Less: Allowance for credit losses	**(52,097)**	(279,845)
	30,249	26,050
Total trade receivable for contracts with customers and leases receivables	**1,051,403**	925,877
Other receivables, deposits and prepayment	**220,504**	188,117
Less: Allowance for credit losses	**(46,803)**	(48,590)
	173,701	139,527
Total trade and other receivables	**1,225,104**	1,065,404
Current	**1,200,250**	1,042,629
Non-current as long term assets	**24,854**	22,775
	1,225,104	1,065,404

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.

As at 1 January 2023, trade receivables arising from contracts with customers amounted to HK$946,632,000.

19. TRADE AND OTHER RECEIVABLES AND LONG TERM ASSETS *(continued)*

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:

	2024 **HK$'000**	2023 HK$'000
Within 90 days	**912,575**	777,853
Between 91–180 days	**90,035**	105,778
Between 181–365 days	**18,544**	16,196
	1,021,154	899,827

As at 31 December 2024, included in the Group's trade receivables arising from contracts with customer is bills received amounting to HK$82,489,000 (2023: HK$107,213,000) which are held by the Group for future settlement of trade receivables. All bills received by the Group are with a maturity period of less than one year.

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK$98,241,000 (2023: HK$104,605,000) which are past due as at the reporting date. Out of the past due balances, HK$19,592,000 (2023: HK$23,696,000) has been past due 90 days or more and is not considered as in default. The Group considers the information developed internally or obtained from external sources and considered that the debtor is likely to pay its creditors, including the Group, and the past due balances are therefore, not considered as in default.

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

The following is 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:

	2024 **HK$'000**	2023 HK$'000
Within 90 days	**5,395**	3,275

Included in the Group's other receivables, deposits and prepayments at 31 December 2024 is value-added tax recoverable of HK$94,627,000 (2023: HK$56,059,000).

Details of impairment assessment of trade and other receivables are set out in note 37.

20. INVENTORIES

	2024 HK$'000	2023 HK$'000
Raw materials	**193,644**	152,472
Work-in-progress	**173,847**	98,794
Finished goods	**188,881**	204,277
	556,372	455,543

21. AMOUNT DUE FROM A RELATED PARTY

The amount due from a related party represents the deposits placed with Aerospace Science & Technology Finance Company Limited (航天科技財務有限責任公司) ("Aerospace Finance"), a subsidiary of CASC. The amount is non-trade related, unsecured, receivable on demand and carries interests at prevailing market rate.

Details of impairment assessment of amount due from a related party are set out in note 37.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK$'000	2023 HK$'000
Convertible bonds	**107,227**	125,915
Equity securities		
— listed in Hong Kong	**1,447**	2,226
	108,674	128,141
Analysed as:		
Current assets	**1,447**	2,226
Non-current assets	**107,227**	125,915
	108,674	128,141

On 18 August 2022, the Group subscribed for the convertible bonds issued by Shenzhen Rayitek (the "RYT CB"), with a principal amount of RMB100,494,000 (equivalent to HK$118,507,000) at a consideration of RMB100,494,000 (equivalent to HK$118,507,000), which carries interest rate ranged from 0.2% in the first year to 2% in the sixth year. The Group may convert the RYT CB since the first trading day (i.e. 24 February 2023) immediately following the expiry of the six-month period after the end of the issue date of the RYT CB (i.e. 24 August 2022) and until the maturity date (i.e. 17 August 2028) with the conversion price of RMB30.98. The convertible bonds are held for long-term strategic purpose and are therefore classified as non-current assets.

23. CASH AND CASH EQUIVALENTS, PLEDGED BANK DEPOSITS, SHORT-TERM BANK DEPOSITS, RESTRICTED BANK DEPOSITS

Cash and cash equivalents include short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 1.30% to 5.24% (2023: 2.36% to 5.40%) per annum.

The Group's bank deposits amounting to HK$39,110,000 (2023: HK$29,546,000) have been pledged to secure general banking facilities of the Group and except for the amount of nil (2023: HK$10,000,000) are classified as non-current assets as the period pledged is longer than one year, the remaining balances are classified as current assets.

The Group's bank deposits amounting to HK$31,756,000 (2023: HK$30,112,000) are restricted due to the involvement in a litigation regarding contract dispute for which the court ruled in favour of the third party but the Group filed an appeal. The litigation is still in progress.

At 31 December 2024, short-term bank deposits with maturity more than three months but less than one year carry fixed interest rates which range from 1.30% to 5.24% (2023: 2.36% to 5.40%) per annum.

At 31 December 2024, bank balances and pledged bank deposits carry interest at prevailing market rates which range from 0.001% to 0.2% (2023: 0.001% to 2.6%) per annum.

Details of impairment assessment of pledged bank deposits, short-term bank deposits, restricted bank deposits and bank balances are set out in note 37.

24. TRADE AND OTHER PAYABLES

	2024	2023
	HK$'000	HK$'000
Trade payables	**638,870**	507,243
Accrued charges and provisions	**97,205**	116,402
Accrued salaries and wages and others	**148,869**	147,488
Refundable deposits received	**52,242**	47,576
Other payables	**370,735**	386,235
	1,307,921	1,204,944

Other payables included an amount of HK$54,000,000 (2023: HK$54,000,000) received on behalf of CASC, payables with respect to development costs for investment properties of HK$5,710,000 (2023: HK$5,861,000) and payables for acquisition of property, plant and equipment of HK$65,396,000 (2023: HK$45,869,000).

24. TRADE AND OTHER PAYABLES *(continued)*

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

	2024 HK$'000	2023 HK$'000
Within 90 days	**619,928**	484,558
Between 91–180 days	**18,942**	22,685
	638,870	507,243

25. CONTRACT LIABILITIES

The amounts represent advances from customers in relation to their purchase orders of goods placed with the Group in which the Group does not expect to refund any of the advance payments.

Contract liabilities, that are expected to be settled within the Group's normal operating cycle, are classified as current based on the Group's earliest obligation to transfer goods or services to the customers.

As at 1 January 2023, contract liabilities amounted to HK$49,510,000.

During the year ended 31 December 2024, revenue recognised in current year of HK$50,258,000 (2023: HK$49,510,000) was included in the contract liability balance at the beginning of the year.

26. LEASE LIABILITIES

	2024 HK$'000	2023 HK$'000
Lease liabilities payable:		
Within one year	**36,761**	34,075
Within a period of more than one year but not more than two years	**32,529**	31,468
Within a period of more than two years but not more than five years	**30,750**	51,770
Within a period of more than five years	**5,441**	7,389
	105,481	124,702
Less: Amount due for settlement within 12 months shown under current liabilities	**(36,761)**	(34,075)
Amount due for settlement after 12 months shown under non-current liabilities	**68,720**	90,627

The incremental borrowing rates applied to lease liabilities range from 2.91% to 5.8% (2023: from 2.91% to 5.8%) per annum.

27. BANK BORROWINGS

	2024 HK$'000	2023 HK$'000
Bank borrowings	**349,825**	107,143
Less: Amount due within one year included in current liabilities	**(164,251)**	(5,531)
Amount due after one year	**185,574**	101,612
The carrying amounts of the above bank loans are repayable*:		
Within one year	**164,251**	5,531
Within a period of more than one year but not exceeding two years	**15,276**	5,531
Within a period of more than two years but not exceeding five years	**98,565**	16,593
More than five years	**71,733**	79,488
	349,825	107,143

* The amounts are based on scheduled repayment dates set out in the loan agreements.

The loans carry interest at 1-year loan prime rate published by the National Interbank Funding Center plus a margin per annum and are repayable for a period of 1 to 10 years (2023: 10 years). The effective interest rates are ranged from 2.25% to 3.40% (2023: 3.40%) per annum.

The bank borrowings of HK$98,300,000 (2023: HK$107,143,000) are secured by the Group's investment properties with a valuation of RMB171,000,000, and the remaining bank borrowings are unsecured.

28. LOAN FROM A MAJOR SHAREHOLDER

As at 31 December 2024 and 2023, the loan is unsecured, repayable in 2026 and interest bearing at a fixed interest rate at 5% per annum.

29. LOAN FROM A RELATED PARTY

The amount represents loan from Aerospace Finance. The amount is secured, interest bearing at variable interest rate at 3.40% (2023: 3.84%) per annum, which is determined by the People's Bank of China Benchmark Rate, and is repayable in 2028 and 2033 (note 38(a)) and are classified as non-current liabilities.

During the year ended 31 December 2023, the Group discounted bills with recourse in aggregate of HK$12,154,000 (2024: nil) to Aerospace Finance for short-term financing. In addition, during the year ended 31 December 2023, the discounted bills with recourse of HK$11,992,000 (2024: nil) were settled through the account of loan from a related party as the amounts were received by Aerospace Finance directly upon the maturity of those bills from the financial institutions who issued the bills, which constitute non-cash transactions. As at 31 December 2023, the associated borrowings amounted to HK$12,074,000 (2024: nil) were classified as current liabilities.

30. DEFERRED TAXATION

The followings are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Accelerated tax depreciation HK$'000	Revaluation of investment properties HK$'000	Accrued rent HK$'000 (Note 1)	Right-of-use assets HK$'000	Lease liabilities HK$'000	Others HK$'000 (Note 2)	Total HK$'000
At 1 January 2023 (restated)	848	2,411,935	–	(37,604)	37,604	(79,874)	2,332,909
Exchange realignment	115	(68,032)	(34)	1,035	(1,035)	2,289	(65,662)
(Credit) charge to profit or loss for the year *(note 11)*	(1,074)	(44,249)	5,303	6,013	(6,013)	(4,131)	(44,151)
At 31 December 2023	**(111)**	**2,299,654**	**5,269**	**(30,556)**	**30,556**	**(81,716)**	**2,223,096**
Exchange realignment	**156**	**(72,364)**	**(220)**	**872**	**(872)**	**1,228**	**(71,200)**
Charge (credit) to profit or loss for the year *(note 11)*	**578**	**(112,570)**	**1,856**	**5,313**	**(5,313)**	**56,133**	**(54,003)**
At 31 December 2024	**623**	**2,114,720**	**6,905**	**(24,371)**	**24,371**	**(24,355)**	**2,097,893**

Notes:

(1) The amount represents the temporary differences arising from accrued rent.

(2) The amount mainly represents temporary differences arising from allowances for credit losses.

For the purpose of presentation in the consolidated statement of financial position, the above deferred tax assets and liabilities have been offset.

As at 31 December 2024, the Group has unused tax losses of HK$1,218 million (2023: HK$1,074 million) available to offset against future profits. No deferred tax asset has been recognised in respect of the tax losses of approximately HK$1,218 million (2023: HK$1,074 million) due to the unpredictability of future profit streams. Included in the unrecognised tax losses, HK$917 million (2023: HK$839 million) may be carried forward indefinitely and the remaining balance will expire at various dates up to the end of 2034 (2023: expire at various dates up to the end of 2033).

At the end of the reporting period, the Group has the deductible temporary difference of HK$174 million (2023: HK$386 million). Deferred tax asset of HK$93 million (2023: HK$318 million) has been recognised in respect of such deductible temporary difference. No deferred tax asset has been recognised in respect of remaining deductible temporary difference of HK$81 million (2023: HK$68 million) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred taxation has not been recognised in respect of the temporary differences attributable to the undistributed retained profits earned by the subsidiaries in the Mainland China amounting to approximately HK$5,244 million (2023: HK$4,523 million) starting from 1 January 2008 under the EIT Law of the Mainland China that requires withholding tax upon the distribution of such profits to the non-Mainland China shareholders as the directors are of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

31. SHARE CAPITAL

	HK$'000
Issued and fully paid:	
At 1 January 2023, 31 December 2023 and 31 December 2024	
— 3,085,022,000 ordinary shares with no par value	1,154,511

32. PLEDGE OF OR RESTRICTION ON ASSETS

Pledged of assets

At 31 December 2024, bank deposits of HK$39,110,000 (2023: HK$29,546,000), bills held for future settlement of trade receivables of HK$82,489,000 (2023: HK$107,213,000) and investment properties of approximately HK$2,203,295,000 (2023: HK$2,278,353,000) were pledged to banks and Aerospace Finance to secure general banking facilities granted to the Group.

As at 31 December 2024, the Group issued financial guarantees to a bank in respect of banking facilities granted to a subsidiary. The aggregate amounts that could be required to be paid is RMB310,000,000 (equivalent to HK$329,437,000) (2023: RMB65,000,000 (equivalent to HK$71,429,000)) if the guarantees were called upon in entirety, of which full amount of the relevant banking facilities has been utilised by its subsidiary. The Group considers the fair value of the contract is nil at initial recognition and the loss allowance as at 31 December 2024 are insignificant.

Restriction on assets

In addition, lease liabilities of HK$105,481,000 (2023: HK$124,702,000) are recognised with related right-of-use assets of HK$93,910,000 (2023: HK$114,170,000) as at 31 December 2024. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

Furthermore, restricted bank deposits for settlement of a provision under litigation is disclosed in note 23.

33. CAPITAL COMMITMENTS

	2024 **HK$'000**	2023 HK$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
— acquisition of property, plant and equipment	**437,360**	535,289

34. OPERATING LEASES ARRANGEMENTS

The Group as lessor

The properties held by the Group for rental purposes have committed lessees for the next one to ten years (2023: one to ten years) and rent-free periods have been granted to certain tenants with accrued lease receivables disclosed in note 19.

At 31 December 2024, minimum lease payment receivables are as follows:

	2024 HK$'000	2023 HK$'000
Within one year	145,516	163,532
In the second year	96,114	117,756
In the third year	85,076	70,907
In the fourth year	71,632	68,589
In the fifth year	58,503	54,490
Over five years	138,764	179,667
	595,605	654,941

35. RETIREMENT BENEFIT SCHEMES

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group in funds under the control of trustee. The Group basically contributes 5% of relevant payroll costs to the scheme, limited to HK$18,000 per annum per staff.

The employees in the Company's Mainland China subsidiaries are members of the state-managed pension scheme operated by the Mainland China government. The Company's Mainland China subsidiaries are required to contribute a certain percentage of their payroll to the pension scheme to fund the benefits. The only obligation of the Group with respect to the pension scheme is to make the required contributions under the scheme.

The total cost charged to the consolidated statement of profit or loss of HK$30,220,000 (2023: HK$30,508,000) represents contribution to the schemes by the Group at the rates specified in the rules of the schemes. At 31 December 2024 and 2023, no forfeited contributions are available to reduce the contribution payable in future years.

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which mainly includes the borrowings disclosed in notes 27, 28 and 29, and lease liabilities disclosed in note 26, net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued share capital and reserves including retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2024 HK$'000	2023 HK$'000
Financial assets		
Financial assets at FVTPL	**108,674**	128,141
Financial assets at amortised cost	**2,589,054**	2,678,204
Financial liabilities		
Financial liabilities at amortised cost	**2,469,591**	2,213,545

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, amount due from a related party, pledged bank deposits, short-term bank deposits, restricted bank deposits, cash and cash equivalents, financial assets at FVTPL, trade and other payables, amount due to a joint venture, loan from a major shareholder, loan from a related party, bank borrowings, financial guarantees contracts and lease liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits and loan from a major shareholder (see notes 23 and 28 for details) and lease liabilities (see note 26 for details). The Group currently does not have a policy on hedging of interest rate risks. However, the management monitors interest rate exposures and will consider hedging significant interest rate risk should the need arise.

The Group is also exposed to cash flow interest rate risk in relation to bank borrowings and loan from a related party (see notes 27 and 29 for details). In addition, the Group is exposed to cash flow interest rate risk in relation to the fluctuation of the prevailing market interest rate on bank balances. However, the management considers the Group's exposure of the bank balances is not significant as interest bearing bank balances are within short maturity period and thus it is not included in sensitivity analysis.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk for bank borrowings and loan from a related party. The analysis is prepared assuming the stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period. A 50-basis-point (2023: 50-basis-point) increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2024 would have increased/decreased by HK$5,277,000 (2023: HK$4,750,000).

37. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Market risk *(continued)*

Price risk

The Group is exposed to price risk through its investments in listed equity securities and listed convertible bonds. The management manages this exposure by maintaining a portfolio of investments with different risks. The Group's price risk is mainly on equity instruments operating in aerospace and energy sector quoted in the Stock Exchange. In addition, the Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to price risk at the end of the reporting period.

If the prices of the financial assets at FVTPL had been 10% (2023: 10%) higher/lower, the Group's loss for the year ended 31 December 2024 would have decreased/increased by HK$10,867,000 (2023: HK$12,814,000) as a result of the changes in fair value of the financial assets at FVTPL .

Foreign currency risk

The Group is not exposed to significant foreign currency risk as majority of its transactions are denominated in HK$ (or US$, in which HK$ is pegged to US$) and RMB (the functional currencies of the Group's major subsidiaries) except for the foreign currency risk on certain inter-company balances that form part of net investments of the relevant foreign operations in which the exchange differences are recognised in other comprehensive income. In the management opinion, the Group's foreign currency risk exposure is insignificant and hence, no sensitivity analysis is prepared at the end of the reporting period.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group.

The Group's credit risk exposures are primarily attributable to the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets except that the credit risks associated with settlements of certain trade receivables are settled by bills issued by reputable financial institutions.

The Group performed impairment assessment for financial assets and leases receivables under ECL model. Information about the Group's credit risk management, maximum credit risk exposures and the related impairment assessment, if applicable, are summarised as below.

37. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

The Group's internal credit risk grading assessment comprises the following categories:

		Trade receivables and billed leases receivables	Other financial assets/other items
"Strong":	The counterparty has low probability of default.	Lifetime ECL — not credit-impaired	12m ECL
"Satisfactory":	The counterparty has moderate default risk.	Lifetime ECL — not credit-impaired	12m ECL
"Doubtful":	There is evidence indicating that significant increase in credit risk since initial recognition through information developed internally.	Lifetime ECL — not credit-impaired	Lifetime ECL — not credit-impaired
"Loss":	There is evidence indicating the asset is credit-impaired.	Lifetime ECL — credit-impaired	Lifetime ECL — credit-impaired
"Write-off":	There is evidence indicating that the debtors is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

37. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

The tables below detail the credit risk exposures of the Group's financial assets and lease receivables, which are subject to ECL assessment:

	External credit rating	Internal credit rating	12m or lifetime ECL	2024 Gross carrying amount		2023 Gross carrying amount	
				HK$'000	HK$'000	HK$'000	HK$'000
Financial assets at amortised cost							
Pledged bank deposits	BB+ to BBB–	N/A	12m ECL		**39,110**		29,546
Restricted bank deposits	BBB–	N/A	12m ECL		**31,756**		30,112
Short-term bank deposits	BBB- to BBB	N/A	12m ECL		**342,584**		204,008
Bank balances	BBB- to A+	N/A	12m ECL		**1,154,450**		1,508,973
Other receivables	N/A	Satisfactory	12m ECL	**–**		5,738	
		Loss *(Note 1)*	Lifetime ECL (credit-impaired)	**46,803**	**46,803**	48,590	54,328
Trade receivables — contracts with customers *(Note 2)*							
Individual assessment							
(i) Trade receivables backed by bills	BB+ to A+ *(Note 3)*	Strong	Lifetime ECL (not credit-impaired)		**82,489**		107,213
(ii) Trade receivables — Hi-Tech Manufacturing	N/A	Strong	Lifetime ECL (not credit-impaired)	**443,652**		347,811	
		Loss	Lifetime ECL (credit-impaired)	**19,990**		–	
(iii) Trade receivables — Aerospace Service	N/A	Satisfactory	Lifetime ECL (not credit-impaired)	**1,160**		2,511	
		Loss	Lifetime ECL (credit-impaired)	**50,159**	**514,961**	51,848	402,170
Collective assessment							
(i) Trade receivables — Hi-Tech Manufacturing	N/A	Strong	Lifetime ECL (not credit-impaired)	**444,505**		388,885	
		Satisfactory	Lifetime ECL (not credit-impaired)	**54,913**	**499,418**	58,933	447,818
Other item							
Lease receivables	N/A	Loss	Lifetime ECL (credit-impaired)	**52,097**		272,426	
	N/A	Satisfactory	Lifetime ECL (not credit-impaired)	**5,395**	**57,492**	10,694	283,120

37. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

Notes:

(1) For the purposes of internal credit risk management, the Group use historical repayment information to assess whether credit risk has increased significantly since initial recognition.

(2) For the trade receivables arising from contracts with customers, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. For trade receivables from Hi-Tech Manufacturing Business, except for debtors with significant outstanding balances, balances backed by bills issued by reputable banks, or credit-impaired that are assessed for impairment individually, the remaining balances are assessed collectively through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, industry ageing, repayment histories and/or past due status of respective debtors.

(3) These represent credit rating grades of the related banks.

Trade receivables arising from contracts with customers

Before accepting any new customer, the Group will internally assess the credit quality of the potential customer and defines appropriate credit limits. Limits and scoring attributed to customers are reviewed twice a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. The Group only accepts bills issued by reputable Mainland China banks if trade receivables are settled by bills and therefore the management of the Group considers the credit risk arising from the relevant debtors is insignificant.

Except for certain large customers, the remaining trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. The Group has no significant concentration of credit risk in trade receivables, with exposure spread over a number of counterparties and customers.

In order to minimise the credit risk, the management of the Group has delegated a team, at the respective reportable segment, responsible for determination of credit limits and credit approvals.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure the details of relevant assessment is updated. Due to greater financial uncertainty triggered by the volatility in the financial market, the Group has increased the expected loss rates in the current year as there is higher risk that the volatility in the financial market could lead to increased credit default rates.

Details of the quantitative disclosures are set out below in this note.

As part of the Group's credit risk assessment, the Group assessed credit risk of its customers with significant balance, which may be backed by bills, by reference to external credit rating and internal information, and to assess the credit risk for those credit-impaired debtor individually. The following table provides information about the exposure to credit risk for trade receivables not backed by bank bills which are assessed individually as at 31 December 2024 and 2023 within lifetime ECL.

37. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

Trade receivables arising from contracts with customers (continued)

Gross carrying amount

Individual assessment

Credit rating	Hi-Tech Manufacturing Trade receivables (not credit-impaired)			
	2024		2023	
	Range of loss rate	HK$'000	Range of loss rate	HK$'000
Strong	0.06%–0.18%	443,652	0.05%–0.18%	347,811
Loss	100%	19,990	100%	–
		463,642		347,811

Credit rating	Aerospace Service Trade receivables			
	2024		2023	
	Loss rate	HK$'000	Loss rate	HK$'000
Satisfactory	N/A	1,160	N/A	2,511
Loss	100%	50,159	100%	51,848
		51,319		54,359

Collective assessment

Credit rating	Hi-Tech Manufacturing Trade receivables (not credit-impaired)			
	2024		2023	
	Average loss rate	HK$'000	Average loss rate	HK$'000
Strong	0.76%	444,505	0.79%	388,885
Satisfactory	3.39%	54,913	3.35%	58,933
		499,418		447,818

37. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

Trade receivables arising from contracts with customers (continued)

During the year ended 31 December 2024, the Group provided allowances for credit losses of HK$193,000 (2023: net reversal of allowances for credit losses of HK$207,000) for non-credit-impaired trade receivables based on collective assessment and net reversal of allowances for credit losses of HK$11,000 (2023: HK$178,000) for non-credit-impaired trade receivables based on individual assessment. Net allowance for credit losses of HK$20,553,000 (2023: HK$4,475,000) were made on credit-impaired debtors.

In determining the ECL for trade receivables backed by bill, the management of the Group considers the probability of default is negligible on the basis of banks issuing the bills, and accordingly, no loss allowance for credit losses is made in the consolidated financial statements.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit–impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At 1 January 2023	5,378	49,306	54,684
Impairment losses recognised	5,407	4,475	9,882
Impairment losses reversed	(5,378)	–	(5,378)
Exchange realignment	119	(1,933)	(1,814)
At 31 December 2023	**5,526**	**51,848**	**57,374**
Impairment losses recognised	**182**	**20,553**	**20,735**
Write off	**–**	**(542)**	**(542)**
Exchange realignment	**(143)**	**(1,710)**	**(1,853)**
At 31 December 2024	**5,565**	**70,149**	**75,714**

37. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

Lease receivables

For lease receivables, the Group makes periodic individual assessment on the recoverability based on the historical credit loss experience and forward-looking information.

In relation to the Group's two major tenants of S&T Plaza in prior years, namely Shenzhen Hangke Houhai Investment Development Company Limited ("Hangke Houhai") and Shenzhen Huabaorun Management Limited ("Huabaorun"), the Group recognised impairment losses under the ECL model on the lease receivables arising from that two major tenants, including both billed and unbilled portions in 2021, 2022 and 2023 respectively, as they encountered difficulties in cash flow owing to the unsatisfactory subletting rate. Both the lease agreements with that two tenants were terminated in 2022. The Group filed the civil complaints to claim for the outstanding balances and the compensation due from that two major tenants. Taking into account of the rulings and final judgements made by the court on the claims and appeals made by the Group, the management considered there is no realistic prospect of recovery of a balance of HK$231,345,000 and hence such balance was written off. For further details of the background of the litigations, please refer to the 2023 annual report and 2024 interim report of the Company.

As at 31 December 2024, the lease receivables from the other tenants amount to HK$11,916,000 (2023: HK$10,743,000) and a net impairment allowance of HK$6,521,000 (2023: HK$7,468,000) is made.

The following table shows the movement in lifetime ECL that has been recognised for lease receivables under the simplified approach.

	Lifetime ECL (not credit–impaired) HK$'000	Lifetime ECL (credit-impaired) HK$'000	Total HK$'000
At 1 January 2023	–	279,284	279,284
Impairment losses recognised	7,468	–	7,468
Exchange realignment	(49)	(6,858)	(6,907)
At 31 December 2023	**7,419**	**272,426**	**279,845**
Impairment losses recognised	**–**	**7,300**	**7,300**
Impairment losses reversed	**(779)**	**–**	**(779)**
Write off	**–**	**(231,345)**	**(231,345)**
Transfer	**(6,056)**	**6,056**	**–**
Exchange realignment	**(584)**	**(2,340)**	**(2,924)**
At 31 December 2024	**–**	**52,097**	**52,097**

37. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Credit risk and impairment assessment *(continued)*

Other receivables

In determining the ECL for other receivables, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. As at 31 December 2024, the accumulated allowance for credit losses is HK$46,803,000 (2023: HK$48,590,000) for the amounts due from a particular counterparty which had financial difficulties in prior year and full allowance is provided for that balances. During the year ended 31 December 2024, the Group has recovered HK$191,000 (2023: HK$7,041,000) from that counterparty and the allowance is reversed. The management of the Group has considered the consistently low historical default rate in connection with the remaining other receivables, and concluded that credit risk inherent in the Group's remaining balance of other receivables is insignificant.

Amount due from a related party

For amount due from a related party, the balance is assessed individually and the management of the Group consider the loss allowance is insignificant.

Pledged bank deposits, restricted bank deposits, short-term bank deposits and bank balances

The management of the Group considers the pledged bank deposits, restricted bank deposits, short-term bank deposits and bank balances that are deposited with the financial institutions with good credit rating to be low credit risk financial assets. The management of the Group considers the bank balances are short-term in nature and the probability of default is negligible on the basis of high-credit-rating issuers, and accordingly, loss allowance is considered as insignificant.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. When the amount payable is not fixed, the amount disclosed has been determined by reference to the interest rates at year end. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

37. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies *(continued)*

Liquidity risk *(continued)*

Liquidity tables

	Weighted average interest rate	On demand and less than 1 month	1 month to 1 year	1–5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 31 December 2024							
Financial liabilities							
Trade and other payables	–	619,928	336,182	–	–	956,110	956,110
Loan from a major shareholder	5.00	–	–	118,897	–	118,897	106,270
Loan from a related party	3.40	–	–	843,180	422,143	1,265,323	1,057,386
Bank borrowings	2.25–3.40	–	170,955	122,018	82,045	375,018	349,825
		619,928	507,137	1,084,095	504,188	2,715,348	2,469,591
Lease liabilities	4.68	3,187	34,692	69,367	6,494	113,740	105,481
At 31 December 2023							
Financial liabilities							
Trade and other payables	–	484,558	340,429	–	–	824,987	824,987
Loan from a major shareholder	5.00	–	–	128,441	–	128,441	109,890
Loan from a related party	1.33–3.84	–	12,074	–	1,443,693	1,455,767	1,171,525
Bank borrowings	3.40	–	5,724	25,138	93,833	124,695	107,143
		484,558	358,227	153,579	1,537,526	2,533,890	2,213,545
Lease liabilities	4.68	3,063	31,733	92,407	11,521	138,724	124,702

(c) Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

The fair value of financial assets with standard terms and conditions and traded in active markets is determined with reference to quoted market bid prices.

The classification of the Group's financial assets at 31 December 2024 and 2023 using the fair value hierarchy is Level 1 (see note 22) as the fair value of those financial assets are determined based on the quoted bid prices in an active market. The directors of the Company consider that the fair values of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximates their carrying amounts.

38. RELATED PARTY TRANSACTIONS

Balances of related parties of the Group have been disclosed in respective notes. In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the Group entered into the following related party transactions:

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned or controlled or significantly influenced by the Mainland China government (hereinafter collectively referred to as "government-related entities"). The Company's major shareholder that with significant influence over the Company, CASC, is a state-owned enterprise under the direct supervision of the State Council of the People's Republic of China. During the year, except as disclosed below, the Group did not have any individually significant transactions with other government-related entities in its ordinary and usual course of business.

(a) Transactions with the CASC and its subsidiaries

During the year ended 31 December 2016, the Group entered into a facility with Aerospace Finance, for advances up to RMB1,300,000,000 for a period of 12 years from the first drawdown date. The property ownership certificates of a portion of the S&T Plaza with a valuation amount of RMB1,902,504,000 has been mortgaged in favour of Aerospace Finance by Shenzhen Aerospace Technology Investment Management Limited (深圳市航天高科投資管理有限公司) ("Aerospace Technology"). On 8 August 2023, Aerospace Technology and Aerospace Finance entered into an amendment agreement to amend the facilities agreement. Pursuant to the amendment agreement, Aerospace Finance replaced the interest rate of a variable interest rate of 4.41% per annum to 3.40% per annum. Other than the foregoing, all other major terms and conditions of the facilities agreement remained in effect and unchanged. As at 31 December 2024, the aggregate amount of loan drawn from the facility amounted to RMB995,000,000 (2023: RMB1,055,100,000).

(b) Transactions with other government-related entities

Apart from the transactions with CASC Group which have been disclosed above, the Group also conducts business with other government-related entities.

The Group has deposits placements, borrowings and other general banking facilities, with certain banks which are government-related entities in its ordinary course of business. Other than the substantial amount of bank balances, the facility with these banks and sales transactions, remaining transactions with other government-related entities are individually insignificant.

(c) Compensation of key management personnel

The key management personnel are the directors of the Company. The details of the remuneration paid to them are set out in note 8.

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Loan from a major shareholder HK$'000 (Note 28)	Loan from a related party HK$'000 (Note 29)	Bank borrowings HK$'000 (Note 27)	Interest payable HK$'000	Dividend payable HK$'000	Lease liabilities HK$'000 (Note 26)	Total HK$'000
At 1 January 2023	565,611	878,546	–	1,172	446	156,197	1,601,972
Financing cash flows	(442,478)	328,525	107,854	(54,146)	(61,674)	(44,855)	(166,774)
New leases entered	–	–	–	–	–	4,517	4,517
Interest expenses	–	–	–	54,325	–	6,493	60,818
Dividend declared	–	–	–	–	61,700	–	61,700
Non-cash settlement	–	(11,992)	–	–	–	–	(11,992)
Exchange realignment	(13,243)	(23,554)	(711)	(36)	–	2,350	(35,194)
At 31 December 2023	**109,890**	**1,171,525**	**107,143**	**1,315**	**472**	**124,702**	**1,515,047**
Financing cash flows	**–**	**(78,707)**	**252,656**	**(44,025)**	**–**	**(37,905)**	**92,019**
New leases entered	**–**	**–**	**–**	**–**	**–**	**16,662**	**16,662**
Interest expenses	**–**	**–**	**–**	**47,905**	**–**	**5,504**	**53,409**
Exchange realignment	**(3,620)**	**(35,432)**	**(9,974)**	**(969)**	**–**	**(3,482)**	**(53,477)**
At 31 December 2024	**106,270**	**1,057,386**	**349,825**	**4,226**	**472**	**105,481**	**1,623,660**

40. FINANCIAL INFORMATION OF THE COMPANY

(a) Statement of financial position of the Company is set out below:

	2024 HK$'000	2023 HK$'000
Non-current assets		
Property, plant and equipment	**644**	346
Right-of-use assets	**7,659**	1,797
Interests in subsidiaries	**2,497,218**	2,589,922
Amounts due from subsidiaries	**803,476**	862,952
Interests in joint ventures	**15,000**	15,000
	3,323,997	3,470,017
Current assets		
Other receivables	**1,727**	2,947
Amounts due from subsidiaries	**80,182**	74,319
Short-term bank deposits	**45,896**	15,000
Cash and cash equivalents	**4,910**	13,003
	132,715	105,269
Current liabilities		
Other payables	**133,958**	133,816
Lease liabilities	**3,153**	1,863
Amounts due to subsidiaries	**742,062**	753,052
Taxation payable	**80**	80
	879,253	888,811
Net current liabilities	**(746,538)**	(783,542)
Non-current liability		
Lease liabilities	**4,561**	–
Net assets	**2,572,898**	2,686,475
Capital and reserves		
Share capital	**1,154,511**	1,154,511
Reserves *(Note 40(b))*	**1,418,387**	1,531,964
Total equity	**2,572,898**	2,686,475

The Company's statements of financial position are approved and authorised for issue by the Board of Directors on 27 March 2025 and are signed on its behalf by:

Wang Hui	**Song Shuqing**
Director	*Director*

40. FINANCIAL INFORMATION OF THE COMPANY *(continued)*

(b) Reserves

	Special capital reserve HK$'000 *(note a)*	Retained profits HK$'000	Total HK$'000
At 1 January 2023	630,977	901,146	1,532,123
Profit and total comprehensive income for the year	–	61,541	61,541
Dividend recognised as distribution	–	(61,700)	(61,700)
At 31 December 2023	**630,977**	**900,987**	**1,531,964**
Loss and total comprehensive expense for the year	**–**	**(113,577)**	**(113,577)**
At 31 December 2024	**630,977**	**787,410**	**1,418,387**

Notes:

(a) Under the terms of the court order in the reduction of the share premium on 11 July 1994 and 1 November 2005 (the "effective date"), the Company had given an undertaking to the court that a sum equal to the amount of the distributable profits of the Company as at 11 July 1994 and 1 November 2005 and any write back of the total provisions which have been made against at the effective date the investments will be transferred to a special capital reserve account until the amount of paid up capital, share premium and the special capital reserve exceeds the overall aggregate limit thereof after any reduction of such overall aggregate limit pursuant to provisions stated in (3) and or (4) below of this note. The Company is unable to distribute the special capital reserve until the actual and contingent liabilities outstanding at the effective date are paid off.

On 1 November 2005, an order of petition (the "Order") was granted by the High Court of Hong Kong Special Administrative Region (the "High Court"). Pursuant to the Order, the reduction of the share capital and the cancellation of the share premium account of the Company as resolved and effected by a special resolution passed at an extraordinary general meeting of the Company held on 25 August 2005, was confirmed.

The capital of the Company was by virtue of special resolutions of the Company with the sanction of the Order reduced from HK$10,000,000,000 divided into 10,000,000,000 ordinary shares of HK$1.00 each (of which 2,142,420,000 shares had been issued and were fully paid up or credited as fully paid) to HK$1,000,000,000 divided into 10,000,000,000 ordinary shares of HK$0.10 each. The Company further by ordinary resolution provided that forthwith upon such reduction of capital taking effect, the authorised share capital of the Company would be increased from HK$1,000,000,000 to HK$10,000,000,000 by creation of additional 90,000,000,000 share of HK$0.10 each. Accordingly, after the approval of the Order, the authorised share capital of the Company was HK$10,000,000,000 divided into 100,000,000,000 shares of HK$0.10 each, of which 2,142,420,000 shares had been issued and were fully paid up or credited as fully paid and the remaining shares are unissued. The sum of HK$939,048,000 standing to the credit of the share premium account of the Company was reduced and cancelled against the accumulated losses of the Company.

The Company provided an undertaking that in the event of the Company makes any future recoveries in respect of the assets, in respect of which provisions for impairment were made in the financial statements of the Company for the 7 years ended 31 December 2004 "Non-Permanent Loss Assets" beyond the written down value in the Company's audited financial statements as at 31 December 2004, all such recoveries beyond that written down value will be credited to a special capital reserve in the accounting records of the Company and that so long as there shall remain outstanding any debt of or claim against the Company which, if the date on which the proposed reduction of capital and cancellation of the share premium account becomes effective were the date of the commencement of the winding up of the Company would be admissible to proof in such winding up and the persons entitled to the benefit of such debts or claims shall not have agreed otherwise, such reserve shall not be treated as realised profits and shall, for so long as the Company shall remain a listed company, be treated as an un-distributable reserve of the Company for the purposes of Sections 290 and 298 of the Companies Ordinance or any statutory re-enactment or modification thereof provided that:

(1) the Company shall be at liberty to apply the said special capital reserve for the same purposes as a share premium account may be applied;

40. FINANCIAL INFORMATION OF THE COMPANY *(continued)*

(b) Reserves *(continued)*

Notes: (continued)

(a) *(continued)*

(2) the amount standing to the credit of the special capital reserve shall not exceed the lesser of (a) the amount of provision provided for in respect of the Non-Permanent Loss Assets for the 7 years ended 31 December 2004; or (b) the amount due to the creditors of the Company as at the date when the proposed reduction of capital and cancellation of share premium shall become effective;

(3) the said overall aggregate limit in respect of the special capital reserve may be reduced by the amount of any increase, after the effective date, in the paid up share capital or the amount standing to the credit of the share premium account of the Company as the result of the payment up of shares by the receipt of new consideration or the capitalisation of distributable profits;

(4) the said overall aggregate limit in respect of the special capital reserve may be reduced upon the realisation, after the date on which the proposed reduction of capital and cancellation of the share premium account becomes effective, of any of the Non-Permanent Loss Assets by the total provision made in relation to each such assets as at 31 December 2004 less such amount (if any) as is credited to the said special capital reserve as a result of such realisations; and

(5) in the event that the amount standing to the credit of the said special capital reserve exceeds the overall aggregate limit thereof after any reduction of such overall aggregate limit pursuant to provisos (3) and or (4) above, the Company shall be at liberty to transfer the amount of any such excess to the general reserve of the Company and the same shall become available for distribution.

The Company further undertook that for so long as the undertaking remains effective, to (1) cause or procure its statutory auditors to report by way of a note or otherwise a summary of the undertaking in its audited consolidated financial statements or in the management accounts of the Company published in any other form; and (2) publish or cause to be published in any prospectus issued by or on behalf of the Company a summary of the undertaking.

(b) The Company's reserves available for distribution to shareholders as at 31 December 2024 comprised the retained profits of HK$787,410,000 (2023: HK$900,987,000).

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2024 and 2023 are as follows:

Name of subsidiaries	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company held by the Company 2024 %	2023 %	held by subsidiaries 2024 %	2023 %	the Company 2024 %	2023 %	Principal activities
Incorporated and operating in Hong Kong:								
CASIL Clearing Limited	HK$10,000,000	100	100	–	–	100	100	Provision of treasury services
CASIL Electronic Products Limited	HK$15,000,000	100	100	–	–	100	100	Distribution of plastic and metal products and moulds
CASIL Semiconductor Limited	HK$15,000,000	100	100	–	–	100	100	Distribution of liquid crystal displays
China Aerospace Industrial Limited	HK$1,000,000	100	100	–	–	100	100	Property investment
Chee Yuen Industrial Company Limited	HK$20,000,000	100	100	–	–	100	100	Distribution of plastic and metal products and moulds
Hong Yuen Electronics Limited	HK$5,000,000	100	100	–	–	100	100	Investment holding
Hong Yuen Circuit Technology Company Limited	HK$10,000,000	–	–	100	100	100	100	Distribution of printed circuit boards
Jeckson Electric Company Limited	HK$5,000,000	100	100	–	–	100	100	Distribution of intelligent battery chargers and electronic components
Jeckson Electronics Company Limited	HK$10,000,000	100	100	–	–	100	100	Distribution of intelligent battery chargers and electronic components

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiaries	Nominal value of issued ordinary share capital/ registered capital	held by the Company 2024 %	held by the Company 2023 %	held by subsidiaries 2024 %	held by subsidiaries 2023 %	Percentage of equity attributable to the Company 2024 %	Percentage of equity attributable to the Company 2023 %	Principal activities
Registered and operating in the Mainland China:								
Chee Yuen Plastic Products (Huizhou) Company Limited#	HK$72,000,000	–	–	100	100	100	100	Manufacturing of plastic and metal products and moulds
China Aerospace (Huizhou) Industrial Garden Limited##	US$12,000,000	90	90	–	–	90	90	Property investment
Conhui (Huizhou) Semiconductor Company Limited#	HK$90,400,000	–	–	100	100	100	100	Manufacturing and distribution of liquid crystal displays and LCD modules
東莞康源電子有限公司#	RMB700,000,000	–	–	100	100	100	100	Manufacturing and distribution of printed circuit boards
Huizhou Jeckson Electric Company Limited##	US$1,000,000	–	–	90	90	90	90	Manufacturing of intelligent battery chargers and electronic products
南通康源電路科技有限公司	RMB398,000,000	–	–	100	100	100	100	Manufacturing and distribution of printed circuit boards
志豪微電子(惠州)有限公司	RMB90,000,000	–	–	100	100	100	100	Packaging of intelligent power modules

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiaries	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company held by the Company 2024 %	held by the Company 2023 %	held by subsidiaries 2024 %	held by subsidiaries 2023 %	the Company 2024 %	the Company 2023 %	Principal activities
Registered and operating in the Mainland China: *(continued)*								
志源表面處理(惠州)有限公司#	RMB60,000,000	–	–	100	100	100	100	Electroplating of metals
志源電子科技(惠州)有限公司#	RMB10,500,000	–	–	100	100	100	100	Distribution of packing products
Shenzhen Chee Yuen Plastics Company Limited#	HK$25,000,000	–	–	100	100	100	100	Manufacturing and distribution of plastic products
航科新世紀科技發展(深圳)有限公司#	US$50,000,000	100	100	–	–	100	100	Investment holding
深圳市航天高科投資管理有限公司##	RMB700,000,000	–	–	60	60	60	60	Property investment
深圳市航天高科物業管理有限公司	RMB5,000,000	–	–	100	100	60	60	Property management
Incorporated and operating in Vietnam:								
CONG TY TNHN CONG NGHE DIEN TU CHEE YUEN (VIETNAM)	US$14,000,000	–	–	100	100	100	100	Manufacturing of plastic products

\# Wholly foreign-owned enterprises registered in the Mainland China
\## Sino-foreign joint equity enterprises registered in the Mainland China

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year or at any time during the year.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		(Loss) profit for the year attributable to non-controlling interests		Accumulated non-controlling interests	
		2024	2023	**2024**	2023	**2024**	2023
				HK$'000	HK$'000	**HK$'000**	HK$'000
Aerospace Technology and its subsidiary	Mainland China	**40%**	40%	**(30,808)**	(6,198)	**1,934,713**	2,031,666
Individually immaterial subsidiaries with non-controlling interests				**262**	386	**27,190**	27,817
				(30,546)	(5,812)	**1,961,903**	2,059,483

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

Summarised financial information in respect of Aerospace Technology and its subsidiary is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	2024 HK$'000	2023 HK$'000
Current assets	**118,843**	65,738
Non-current assets	**8,026,749**	8,614,909
Current liabilities	**(63,631)**	(74,339)
Non-current liabilities	**(3,245,178)**	(3,527,143)
Equity attributable to owners of the Company	**2,902,070**	3,047,499
Non-controlling interests	**1,934,713**	2,031,666
Income	**222,448**	216,048
Expenses	**(299,469)**	(231,543)
Loss for the year	**(77,021)**	(15,495)
Loss attributable to owners of the Company	**(46,213)**	(9,297)
Loss attributable to the non-controlling interests	**(30,808)**	(6,198)
Loss for the year	**(77,021)**	(15,495)
Other comprehensive expense attributable to owners of the Company	**(99,217)**	(89,849)
Other comprehensive expense attributable to the non-controlling interests	**(66,145)**	(59,899)
Other comprehensive expense for the year	**(165,362)**	(149,748)
Total comprehensive expense attributable to the owners of the Company	**(145,430)**	(99,146)
Total comprehensive expense attributable to the non-controlling interests	**(96,953)**	(66,097)
Total comprehensive expense for the year	**(242,383)**	(165,243)

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interests *(continued)*

	2024 HK$'000	2023 HK$'000
Net cash inflow from operating activities	**119,923**	53,814
Net cash (outflow) inflow from investing activities	**(7,549)**	14,483
Net cash outflow from financing activities	**(112,423)**	(73,235)
Net cash outflow	**(49)**	(4,938)
Effect of foreign exchange rate changes	**(46)**	(141)

RESULTS

	Year ended 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**3,841,472**	3,450,954	4,501,532	4,745,367	3,580,121
(Loss) profit before taxation	**(170,923)**	(26,559)	(325,723)	486,102	442,845
Taxation	**87,070**	24,794	73,001	(82,888)	(64,280)
(Loss) profit for the year	**(83,853)**	(1,765)	(252,722)	403,214	378,565
Attributable to:					
Owners of the Company	**(53,307)**	4,047	(119,918)	345,764	296,681
Non-controlling interests	**(30,546)**	(5,812)	(132,804)	57,450	81,884
	(83,853)	(1,765)	(252,722)	403,214	378,565

ASSETS AND LIABILITIES

	At 31 December				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Non-current assets	**10,953,891**	11,319,869	11,602,450	12,629,902	12,380,371
Current assets	**3,327,423**	3,263,415	3,663,378	4,239,260	3,736,393
Current liabilities	**(1,649,182)**	(1,427,648)	(2,159,847)	(1,771,821)	(1,622,356)
Non-current liabilities	**(3,515,843)**	(3,684,676)	(3,321,318)	(4,254,575)	(4,208,670)
Total equity	**9,116,289**	9,470,960	9,784,663	10,842,766	10,285,738
Attributable to:					
Owners of the Company	**7,154,386**	7,411,477	7,658,694	8,388,114	7,925,975
Non-controlling interests	**1,961,903**	2,059,483	2,125,969	2,454,652	2,359,763
	9,116,289	9,470,960	9,784,663	10,842,766	10,285,738

Location	Lot number	Existing use	Approximate gross floor area/site area (sq. m)	Group's interest (%)
MEDIUM TERM LEASES IN HONG KONG				
Units 402, 405 to 407 on 4th Floor the whole of 17th Floor and Car Park Nos. P1, L3, LD1, LD2 and LD5 on Ground Floor, Car Park Nos. P17, P18 and P24 on 1st Floor and Car Park Nos. P34, P36 and P37 on 2nd Floor China Aerospace Centre 143 Hoi Bun Road Kwun Tong Kowloon	Kwun Tong Inland Lot. No. 528	Industrial	3,290	100
Unit A on 2nd Floor of Tsun Win Factory Building, No. 60 Tsun Yip Street, Kwun Tong Kowloon	Kwun Tong Inland Lot No. 10	Industrial	230	100

Location	Lot number	Existing use	Approximate gross floor area/site area (sq. m)	Group's interest (%)
MEDIUM TERM LEASES IN THE PRC				
China Aerospace Industrial Estate Zhong Kai Development Zone Huizhou City Guangdong Province The PRC	–	Industrial	22,124	90
South of Bin Hai Avenue and the East of Hou Hai Bin Road Nanshan District Shenzhen Guangdong Province The PRC	–	Retail and office	157,825	60
Level 23, Tianyi International Building No. 85, 87 Binhai Main Road Longhua District Haikou Hainan Province The PRC	–	Office	1,238	100
LONG TERM LEASEHOLD IN THE PRC				
Level 8, Zhong Hai Building Zhong Hai Hua Ting North Zone No. 399 Fu Hua Road Futian District Shenzhen Guangdong Province The PRC	–	Office	1,043	100