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

(Incorporated in Bermuda with limited liability)

(Stock code: 232)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

The board (the "Board") of directors (the "Directors") of Continental Aerospace Technologies Holding Limited (the "Company") announces the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2022, together with the comparative figures for the corresponding period of last year.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**853,449**	729,318
Cost of sales and services		**(613,360)**	(516,007)
Gross profit		**240,089**	213,311
Other income		**4,813**	2,346
Other gains and losses		**8,848**	18,117
Selling and distribution expenses		**(26,850)**	(30,871)
Administrative expenses		**(153,422)**	(162,086)
Research and development costs		**(13,995)**	(6,317)
Finance costs		**(7,081)**	(7,670)
Share of results of an associate		**(1,777)**	(2,425)
PROFIT BEFORE TAX	*5*	**50,625**	24,405
Income tax credit	*6*	**7,725**	2,654
PROFIT FOR THE PERIOD, ATTRIBUTABLE TO OWNERS OF THE COMPANY		**58,350**	27,059
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	*7*		
Basic		**HK0.63 cents**	HK0.29 cents

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT FOR THE PERIOD	**58,350**	27,059
OTHER COMPREHENSIVE (EXPENSE) INCOME		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(21,401)**	6,193
Reclassification of cumulative translation reserve upon disposal of a joint venture	**7,596**	–
OTHER COMPREHENSIVE (EXPENSE) INCOME FOR THE PERIOD	**(13,805)**	6,193
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, ATTRIBUTABLE TO OWNERS OF THE COMPANY	**44,545**	33,252

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2022 (Unaudited) *HK$'000***	31 December 2021 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment	*9*	**585,690**	458,727
Right-of-use assets	*9*	**285,257**	289,033
Investment property	*9*	**–**	123,800
Goodwill	*10*	**13,277**	14,163
Other intangible assets		**1,514,856**	1,564,078
Interest in an associate		**17,811**	20,371
Interest in a joint venture		**–**	–
Financial assets at fair value through profit or loss		**1,960**	1,938
Equity investments designated at fair value through other comprehensive income		**392**	389
Total non-current assets		**2,419,243**	2,472,499
CURRENT ASSETS			
Inventories		**459,781**	492,972
Loans to an associate		**7,024**	7,121
Loans to a joint venture		**–**	7
Trade receivables	*11*	**156,238**	117,435
Prepayments, deposits and other receivables		**23,689**	24,282
Amounts due from fellow subsidiaries		**16,799**	25,823
Bank balances and cash		**740,759**	623,119
Total current assets		**1,404,290**	1,290,759

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

	Note	**30 June 2022 (Unaudited) *HK$'000***	31 December 2021 (Audited) *HK$'000*
CURRENT LIABILITIES			
Trade payables	*12*	**136,431**	133,422
Other payables and accruals		**116,471**	99,980
Amounts due to intermediate holding companies		**26,719**	27,495
Tax payable		**39,379**	40,003
Contract liabilities		**25,276**	8,139
Provisions		**65,800**	75,291
Lease liabilities		**6,692**	6,533
Total current liabilities		**416,768**	390,863
NET CURRENT ASSETS		**987,522**	899,896
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,406,765**	3,372,395
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**194,024**	211,518
Contract liabilities		**33,043**	29,253
Provisions		**35,513**	32,394
Lease liabilities		**304,907**	304,485
Defined benefit plan obligations		**10,272**	10,284
Total non-current liabilities		**577,759**	587,934
Net assets		**2,829,006**	2,784,461
EQUITY			
Share capital		**930,337**	930,337
Reserves		**1,898,669**	1,854,124
Total equity		**2,829,006**	2,784,461

NOTES:

1. Basis of preparation

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

2. Principal accounting policies

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

Other than the additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2021.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 3	*Reference to the Conceptual Framework*
Amendment to HKFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021*
Amendments to HKAS 16	*Property, Plant and Equipment – Proceeds before Intended Use*
Amendments to HKAS 37	*Onerous Contracts – Cost of Fulfilling a Contract*
Amendments to HKFRSs	*Annual Improvements to HKFRSs 2018-2020*

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

3. Operating segment

Information reported to the chief executive officer of the Group, the chief operating decision maker ("CODM") for the purpose of resource allocation and assessment of segment performance focuses on type of goods or services. The Group has only one reportable operating segment, the general aviation aircraft piston engine business, which is engaged in the design, development and production of general aviation aircraft piston engines and spare parts as well as the provision of aftermarket services and support for piston engines.

Management monitors the results of the Group's operating segment separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit before tax, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that certain income, gains and losses, administrative expenses, share of results of an associate are excluded from such measurement.

The CODM makes decisions according to operating results of the segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

The following is an analysis of the Group's revenue and results by reportable operating segment for the six months ended 30 June.

	General aviation aircraft piston engine business		**Total**	
	2022	2021	**2022**	2021
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:				
Sales to external customers	**853,449**	729,318	**853,449**	729,318
Segment results	**47,179**	11,245	**47,179**	11,245
Unallocated other income			**3,212**	1,919
Unallocated other gains and losses			**9,721**	19,522
Unallocated administrative expenses			**(7,710)**	(5,856)
Share of results of an associate			**(1,777)**	(2,425)
Profit before tax			**50,625**	24,405

4. Revenue

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

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sale of aircraft engines and spare parts transferred at a point in time	**810,151**	674,588
Rendering of services transferred over time	**43,298**	54,730
	853,449	729,318
Disaggregated revenue information – Geographical markets		
USA	**690,834**	560,808
Europe	**106,583**	103,569
Others	**56,032**	64,941
	853,449	729,318

5. Profit before tax

Profit before tax has been arrived at after charging (crediting) the following items:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold*	**583,058**	478,127
Cost of services provided*	**30,302**	37,880
Write-down of inventories (included in cost of inventories sold)	**2,547**	–
Depreciation of property, plant and equipment	**16,604**	23,873
Depreciation of right-of-use assets	**7,032**	8,089
Amortisation of other intangible assets	**42,170**	44,168
Gain on deemed disposal of an associate**	**–**	(11,790)
Gain on disposal of a joint venture**	**(6,515)**	–
Fair value gain on other financial liabilities**	**–**	(7,059)

* *Included in "cost of sales and services" in the condensed consolidated statement of profit or loss and other comprehensive income.*

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

6. Income tax credit

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2022 and 2021 as the Group did not generate any assessable profits arising in Hong Kong during those periods. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current – Elsewhere:		
Charge for the period	**5,684**	7,154
Deferred tax	**(13,409)**	(9,808)
	(7,725)	(2,654)

7. Earnings per share

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to owners of the Company and the number of ordinary shares in issue during the period.

The calculation of basic earnings per share is based on:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Earnings:		
Profit attributable to owners of the Company	**58,350**	27,059

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Shares:		
Number of ordinary shares in issue during the period	**9,303,374,783**	9,303,374,783

8. Dividends

No dividends were paid, declared or proposed during the six months ended 30 June 2022 (2021: Nil).

9. Property, plant and equipment, right-of-use assets and investment property

During the six months ended 30 June 2022, the Group has additions of items of property, plant and equipment of HK$18,389,000 (six months ended 30 June 2021: HK$19,359,000).

During the six months ended 30 June 2021, the Group entered into several new leases for buildings and motor vehicles for use in its operations. On lease commencement, the Group recognised right-of-use assets and lease liabilities of HK$3,071,000.

During the six months ended 30 June 2021, the Group had disposal of items of property, plant and equipment with a carrying value of HK$52,000.

The Group's investment property consisted of a commercial property in Hong Kong. During the six months ended 30 June 2022, the Group's investment property was transferred to property, plant and equipment at the carrying amount of HK$124,500,000 on commencement of owner occupation. The carrying amount has been arrived at on the basis of a valuation carried out by LCH (Asia-Pacific) Surveyors Limited, an independent professionally qualified valuer. The gain arising from change in fair value of investment property of HK$700,000 (six months ended 30 June 2021: loss of HK$300,000) has been recognised in profit or loss for the six months ended 30 June 2022.

10. Goodwill

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

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

As at 30 June 2022 and 31 December 2021, the entire amount of goodwill was related to the Germany CGU. The goodwill related to the USA CGU has been fully impaired in prior years.

11. Trade receivables

	30 June 2022 (Unaudited) ***HK$'000***	31 December 2021 (Audited) *HK$'000*
Trade receivables	**162,014**	123,190
Impairment losses under expected credit loss model	**(5,776)**	(5,755)
	156,238	117,435

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

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. As at 30 June 2022, the Group had certain concentrations of credit risk as 37% (31 December 2021: 50%) of the Group's trade receivables were due from one of the Group's key customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2022 (Unaudited) *HK$'000*	31 December 2021 (Audited) *HK$'000*
Within 1 month	**118,292**	88,666
1 to 2 months	**30,405**	14,509
2 to 3 months	**1,520**	3,923
Over 3 months	**6,021**	10,337
	156,238	117,435

12. Trade payables

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

	30 June 2022 (Unaudited) *HK$'000*	31 December 2021 (Audited) *HK$'000*
Within 1 month	**113,610**	99,589
1 to 2 months	**8,861**	16,146
2 to 3 months	**8,000**	1,999
Over 3 months	**5,960**	15,688
	136,431	133,422

The trade payables are normally settled on 45 days terms.

OVERALL REVIEW

For the first half of 2022, the Group recorded a revenue of HK$853,449,000 (2021: HK$729,318,000) and a gross profit of HK$240,089,000 (2021: HK$213,311,000). The Group recorded a profit for the period of HK$58,350,000 (2021: HK$27,059,000), which was mainly because of the general aviation aircraft piston engine business recorded a profit for the period of HK$56,640,000 (2021: HK$15,350,000).

Basic earnings per share amounted to HK¢0.63 (2021: HK¢0.29). The return on equity, calculated on the basis of profit attributable to owners of the Company as a percentage of equity attributable to owners of the Company, was 2% (2021: 1%).

BUSINESS REVIEW

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

For the first half of 2022, the general aviation aircraft piston engine business recognised a revenue of HK$853,449,000 (2021: HK$729,318,000) and a gross profit of HK$240,089,000 (2021: HK$213,311,000), and recorded a profit for the period of HK$56,640,000 (2021: HK$15,350,000).The increase in profit was mainly attributable to the increase in revenue and the decrease in selling and distribution expenses, administrative expenses and finance costs during the period. Had the effect from the fair value adjustments on the identifiable assets acquired from the acquisition of the business in 2018 charged to current period's profit or loss of HK$10,411,000 (2021: HK$20,092,000) been excluded, the general aviation aircraft piston engine business would have recorded a profit of HK$67,051,000 (2021: HK$35,442,000).

General aviation aircraft deliveries continue to show strong progress as we emerge from the impacts of the pandemic. Piston airplane deliveries especially continue their positive trajectory and exceed last year's numbers as well as the first quarter numbers of 2020 and 2019. According to the General Aviation Manufacturers Association ("GAMA") first quarter 2022 report, compared to the same period in 2021, aircraft unit deliveries across each aircraft segment have been increasing. Piston airplane shipments increased by 13.9% with 263 units while business jet shipments increased by 4.4% with 118 units. GAMA report shows increasing light airplane deliveries from several companies that have leveraged the new CS/Part 23 airworthiness standards for both new aircraft models and upgrades. We are optimistic that further implementation of these standards across global regulators will continue to advance safety while bringing new and exciting aircraft to the general aviation market.

Despite challenges of the COVID impacts, supply chain bottleneck, inflation, labor shortage, and machine downtime, the Company continued to navigate the turbulent time and reported a strong first half year performance. Order intakes are strong so the backlog will support production till 2023. Compared to last year, revenue increased by 17.0% and profit before tax increased by 107.4%. As a result, the Company has been creating positive cash flow from operating activities.

Under the Blue Marlin project, through to June 2022, the Company successfully completed above 65% Production Part Approval Processes and partially launched production transitions. With the increased in production capacity through the implementation of the Blue Marlin project, production delivery has continued to improve.

The Company continuously strives to innovate to be the first choice in the general aviation power sector. The Company has launched major Original Equipment Manufacturer ("OEM") applications and won interest and commitment from new and existing leading OEM manufacturers. We streamlined our product portfolio, focused on adding value to newer products and technologies and developed strategic initiatives in-line with the voice of the market and our customers.

FINANCIAL REVIEW

A joint venture and an associate

During the period, the Group recorded a share of losses of an associate in an aggregate of HK$1,777,000 (2021: HK$2,425,000).

On 30 November 2020, the Group entered into a share purchase agreement with an independent third party, pursuant to which the purchaser agreed to acquire the Group's equity interest held in a joint venture with a consideration of RMB11,500,000. The disposal was completed on 28 April 2022. During the period, the Group recorded a disposal gain of a joint venture of HK$6,515,000.

Goodwill

The Group's goodwill acquired through business combination has been allocated to a cash-generating unit in USA ("USA CGU") and a cash-generating unit in Germany ("Germany CGU"). As at 30 June 2022, the entire amount of the goodwill related to the Germany CGU was HK$13,277,000 (31 December 2021: HK$14,163,000). The impairment assessment of USA CGU and Germany CGU was performed with the support of Kroll, LLC, an independent professionally qualified valuer.

During the six months ended 30 June 2022 and 2021, no impairment loss is recognised.

Other intangible assets

Other intangible assets consist of development programs in progress, trademarks, product technology, licence and completed programs, customer relationships and others. As at 30 June 2022, the Group's other intangible assets were HK$1,514,856,000 (31 December 2021: HK$1,564,078,000).

Administrative expenses

Administrative expenses consist of salaries and wages, product liability expenses, engineering expenses, legal and professional expenses and other general expenses. During the period, the Group recorded administrative expenses of HK$153,422,000 (2021: HK$162,086,000).

LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The Group has consistently maintained sufficient working capital. As at 30 June 2022, the Group had current assets of HK$1,404,290,000 (31 December 2021: HK$1,290,759,000), including cash and bank balances and time deposits in an aggregate of HK$740,759,000 (31 December 2021: HK$623,119,000). The Group's current liabilities as at 30 June 2022 were HK$416,768,000 (31 December 2021: HK$390,863,000).

As at 30 June 2022, the Group's total equity amounted to HK$2,829,006,000 (31 December 2021: HK$2,784,461,000), comprising issued capital of HK$930,337,000 (31 December 2021: HK$930,337,000) and reserves of HK$1,898,669,000 (31 December 2021: HK$1,854,124,000). The Group's interest-bearing debts included lease liabilities of HK$311,599,000 (31 December 2021: HK$311,018,000). The Group's gearing ratio, calculated on the basis of the interest-bearing debts as a percentage of total equity plus the interest-bearing debts, was 10% (31 December 2021: 10%).

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2022 and 31 December 2021, there are no assets pledged to secure the Group's bank facilities.

EXPOSURE TO FOREIGN CURRENCY RISK

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any significant contingent liabilities (31 December 2021: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2022, there were 532 (31 December 2021: 510) employees in the Group. The employees' wages and salaries, excluding directors' remuneration, amounted to HK$98,688,000 (2021: HK$107,565,000) for the period. The Group recognises the importance of good relationship with employees. The Directors believe that the working environment and benefits offered to employees have contributed to building good staff relations and retention. The Group's remuneration policies are formulated based on the performance of individual employees and market conditions and are reviewed regularly. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses and share options to eligible staff based on their performance and contributions to the Group.

OUTLOOK

The global economy outlook continues to soften as the interaction between financial markets and the real economy clouds the outlook for both. The impacts of the COVID are still having a depressing impact on the global economy which is further reinforced by worries of a potential recession in the US and, more likely, in Europe. Higher energy prices, expectations of higher interest rates and the associated rise in the risk of recession in key economies are driving the global GDP growth to slow down, and the unsettled inflation outlook is clearly and evidently leading the risen risks of a recession.

While the Company has a healthy backlog that will be fulfilled till 2023, we are aiming at internal efficiency and leadtime improvements. The Company's strategy across the market sectors focuses on providing a reliable quality product while delivering exceptional customer service and value to our customers. The Company is determined to deliver profitability across the business segment through a series of targeted strategic initiatives centered around customer satisfaction, profit enhancement, and cash generation. Focusing on these key strategic priorities will create a robust foundation for future growth opportunities.

We anticipate that our North America's production processes will be fully transitioned and production-ready by the first quarter of 2023. This greenfield Blue Marlin facility is expected to significantly increase capacity and efficiency for future growth while ensuring a competitive cost base, therefore improving profit margins. With the Kanban system implemented, the key legacy engine specs lead time is expected to be reduced by 60%. The Company also expanded the Titan/Prime production capacity to cut the leadtime by 50%.

We are planning to increase our research and development budget in 2023 significantly to support multiple global projects for both the Avgas and Jet-A product lines, including the fuel improvement project. The Company has officially submitted a formal application to Federal Aviation Administration for the expansion of the use of unleaded fuel in select lower compression avgas engines. If approves, it will authorize more than 100 popular engine models to use 91/94 UL.

To facilitate business growth and efficiency improvement, The Company is implementing new Enterprise Resource Planning System ("ERP") for all global business units in 2022. The new ERP will provide robust platforms to better manage our manufacturing processes and operational costs, assist in business growth, streamline supply chain, inventory, and reporting processes. We expect to complete the new ERP in the second quarter of 2023.

Signals of a slowdown in the global economy have mounted. Business activity is buckling under the weight of higher interest rates, and business investment is downshifting amid growing recession fears. The Company hence created a playbook to manage the potential recession risks. It includes how to implement the new ERP, accelerate Blue Marlin manufacturing transition, increase capacity to reduce lead time, and develop new products and technologies in order to improve competition power, expand market share, and continually deliver the promising operational results.

In a nutshell, the Company is delivering a very strong performance in the first half of 2022 and presents many growth opportunities, though with headwinds. the Company looks forward to building reliable products and serving customers from world-class facilities that set the new standard in the general aviation industry.

CORPORATE GOVERNANCE

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

For the six months ended 30 June 2022, the Company applied the principles of, and complied with all the code provisions and, where applicable, the recommended best practices of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the Company's code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2022.

AUDIT COMMITTEE

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

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2022 has been reviewed by the Audit Committee, and has also been reviewed by Deloitte Touche Tohmatsu in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM REPORT

The 2022 interim report will be published on the websites of the Company (www.cath.com.hk) and the Stock Exchange (www.hkexnews.hk) and dispatched to the shareholders of the Company in due course.

APPRECIATION

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

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

Hong Kong, 31 August 2022

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