



USPACE Technology Group Limited  
**洲際航天科技集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1725.HK



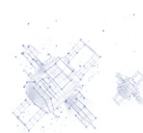
INTERIM REPORT

**2024**

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## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Mr. Sun Fengquan  
*(Chairman and Chief Executive Officer)*  
H.H. Shaikh Mohammed Maktoum Juma  
Al-Maktoum *(Deputy Chairman)*  
*(appointed as Deputy Chairman on 10 May 2024)*  
Dr. Fabio Favata  
Mr. Ma Fujun  
Dr. Lam Lee G. *(resigned on 10 May 2024)*  
Ms. Ku Ka Lee Clarie *(retired on 25 June 2024)*

### NON-EXECUTIVE DIRECTORS

Mr. Alhamedi Mnahi F Alanezi  
Professor Christian Feichtinger  
Professor Guo Huadong  
Dr. Mazlan Binti Othman  
Mr. Nathan Earl Whigham  
*(appointed on 10 May 2024)*  
Mr. Niu Aimin *(resigned on 10 May 2024)*

### INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Barbara Jane Ryan  
Mr. Hung Ka Hai Clement  
Mr. Juan de Dalmau-Mommertz  
Mr. Marwan Jassim Sulaiman Jassim Alsarkal  
Professor Wang Jianyu  
Mr. David Gordon Eldon *(resigned on 27 April 2024)*

### AUDIT COMMITTEE

Mr. Hung Ka Hai Clement *(Chairman)*  
Mr. Marwan Jassim Sulaiman Jassim Alsarkal  
Professor Wang Jianyu

### NOMINATION COMMITTEE

Mr. Sun Fengquan *(Chairman)*  
Ms. Barbara Jane Ryan  
Mr. Hung Ka Hai Clement  
Mr. Juan de Dalmau-Mommertz  
Dr. Lam Lee G. *(resigned on 10 May 2024)*

### REMUNERATION COMMITTEE

Professor Wang Jianyu *(Chairman)*  
Mr. Hung Ka Hai Clement  
*(appointed on 10 May 2024)*  
Mr. Juan de Dalmau-Mommertz  
Dr. Lam Lee G. *(resigned on 10 May 2024)*

### AUTHORISED REPRESENTATIVES

Mr. Sun Fengquan  
Ms. Cheng Ka Yan

### COMPANY SECRETARY

Ms. Cheng Ka Yan

### REGISTERED OFFICE IN CAYMAN ISLANDS

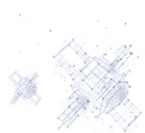
Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

15/F, Data Technology Hub  
5 Chun Cheong Street  
Tseung Kwan O Industrial Estate  
New Territories, Hong Kong

### HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN DUBAI

Units 610 & 611  
Level 3, The Offices 3  
One Central Dubai World Trade Centre  
Dubai



## CORPORATE INFORMATION

### PRINCIPAL PLACE OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA (THE "PRC" or "China")

No. 11, Qingli Second Road  
Shuikou Street  
Huicheng District Huizhou  
Guangdong

### PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
The Hongkong and Shanghai Banking  
Corporation Limited  
Sparkasse Heidelberg  
Shanghai Pudong  
Development Bank

### CAYMAN ISLANDS PRINCIPAL REGISTRAR AND TRANSFER OFFICE

#### Conyers Trust Company (Cayman) Limited

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

#### Computershare Hong Kong Investor Services Limited

Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

### SHARE LISTING

The Stock Exchange of Hong Kong Limited  
(the "Stock Exchange")

Stock code: 1725.HK

### STOCK CODE

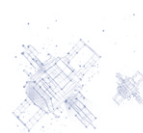
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### STOCK NAME

USPACE Tech

### COMPANY WEBSITE

[www.uspace.com](http://www.uspace.com)

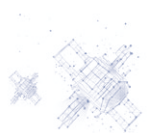


# FINANCIAL HIGHLIGHTS

## FINANCIAL HIGHLIGHTS

The board (the “**Board**”) of directors (the “**Director(s)**”) of USPACE Technology Group Limited (the “**Company**”) announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 (the “**Review Period**”), together with the comparative figures for the six months ended 30 June 2023 as follows.

- Revenue from continuing operations of the Group for the Review Period was approximately RMB148.0 million, representing a decrease of approximately 12.8% as compared with approximately RMB169.7 million for the corresponding period in 2023.
- Gross profit from continuing operations of the Group for the Review Period was approximately RMB15.8 million, representing an increase of approximately 23.3% as compared with approximately RMB12.8 million for the corresponding period in 2023.
- Loss attributable to equity holders of the Company from continuing and discontinued operations for the Review Period decreased to approximately RMB71.6 million from approximately RMB87.3 million for the corresponding period in 2023.
- Basic and diluted loss per share attributable to equity holders of the Company from continuing operations is RMB21.44 cents for the Review Period.



# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

During the Review Period, the global economy continued to decline and recovery was slow, thereby significantly impacting the Group's business. Despite these challenges, the Group made substantial progress in the Aerospace Business, laying a solid foundation for future development.

During the Review Period, turnover from continuing operations of approximately RMB148.0 million was recorded by the Group, representing a decrease of approximately 12.8% as compared with approximately RMB169.7 million for the corresponding period in 2023; while the loss attributable to equity holders of the Company from continuing and discontinued operations of approximately RMB71.6 million was recorded as compared with loss attributable to equity holders of the Company of approximately RMB87.3 million for the corresponding period in 2023. The decrease in the loss for the Review Period was mainly due to the deemed disposal of 49% equity interest in Aspace Satellite Technology Limited ("**Aspace**") completed in September 2023, and as a result the Group only shared 51% loss of Aspace during the Review Period.

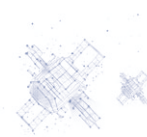
During the Review Period, the Group was working hard on testing various satellite manufacturing and testing equipments, which have now successfully entered into production. This effort demonstrates our relentless pursuit and technological strength in the aerospace field. The Group also successfully entered into a disposal agreement to divest part of our EMS Business in the PRC, which will help the Group concentrate resources and enhance overall operational efficiency.

In the midst of a continuously sluggish global economy, the Group has shifted our focus on the business opportunities in the Middle East regions. The Group has been actively building relationships with different strategic partners in the Middle East for the development of its Aerospace Business in those regions.

### Business Strategies and Outlook

In light of the global economic downturn and the competitive market environment, the Group aims to re-position its business strategy to go for globalization and commercialization of the satellites and related products by delivering excellency of professional services and products.

In July 2024, the Group successfully rolled out 6 types of low-priced commercial optical satellites. These satellites offer resolutions ranging from 5 meters to 0.5 meters and are priced between USD35,000 and USD990,000. The Group also planned to offer nearly a hundred types of satellite components and application services, including separation seats, multi-satellite dispensers, and 0.5-meter resolution lightweight cameras. In view of the rapid development of emerging technologies such as the Internet of Things and artificial intelligence, the demands for satellite remote sensing data, communication services, and navigation and positioning are increasing rapidly. With the huge market demand, the Group's commercial optical satellites with competitive advantages will effectively lower the entry barrier for various satellite applications and unleashing market potential. The rollout of the commercial optical satellites signified a new milestone in the Group's satellite mass production and commercialization efforts, representing a significant step forward in its globalization strategy and will create tremendous commercial value to the Group.



## MANAGEMENT DISCUSSION AND ANALYSIS

Looking ahead, despite the challenges in the global economic environment, the Group remains optimistic and confident in the prospects of both the Aerospace Business and the EMS Business. The Group will continue to implement the following business strategies to ensure long-term stable growth:

### **Aerospace Business Development:**

- Continue to advance the operations of the satellite operation control and application centre, as well as the production and deployment of satellite equipments at the satellite manufacturing centre to achieve new revenue growth.
- Continue to expand and develop the production of satellite and satellite components business.
- Continue to develop the satellite communications business, satellite internet communications, and satellite data application services.

### **Technological Research and Development:**

- Continuously increase investment in the research and development of new technologies and products to enhance market competitiveness.

### **Globalization Strategy:**

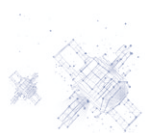
- Actively expand the market in the Middle East and surrounding regions, strengthen cooperation with local enterprises and governments, and establish a solid business foundation.
- Reduce reliance on specific regions by expanding the customer and supplier network to mitigate the impact of trade tensions and geopolitical risks on the business.

### **Develop New Markets and Customer Bases:**

- Continue to expand the potential customer base for both the Aerospace Business and the EMS Business to broaden revenue sources and diversify business risks.

### **Cost Control:**

- Strengthen cost management and reduce operational costs, optimize the supply chain, improve overall production efficiency, and enhance profit margins.



## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATING RESULTS

#### Revenue by Customer's Geographical Location

The Group's revenue from continuing operations by geographical location, which is determined by the location of customers, is as follows:

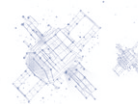
	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000 (restated)
<b>Continuing operations</b>		
The PRC	92,898	136,403
India	12,522	8,997
Vietnam	9,601	3,662
South Korea	9,490	–
Germany	8,290	7,447
Hong Kong	7,066	877
Australia	3,340	6,633
The USA	3,148	95
Austria	–	4,981
Brazil	–	585
Others	1,683	–
	<b>148,038</b>	169,680

#### Revenue by Product Type

During the Review Period and the corresponding period in 2023, the revenue from continuing operations was generated by two principal product types. The table below summarises the amount of revenue generated and as a percentage of total revenue from each product type for the Review Period and the corresponding period in 2023 respectively:

	Revenue for the six months ended 30 June			% of total revenue for the six months ended 30 June		
	2024 RMB'000	2023 RMB'000 (restated)	Changes %	2024	2023 (restated)	Changes
PCBAs	113,067	130,618	(13.4)	76.4	77.0	(0.6)
Fully-assembled electronic products	34,971	39,062	(10.5)	23.6	23.0	(0.6)
Total	148,038	169,680	(12.8)	100	100	





## MANAGEMENT DISCUSSION AND ANALYSIS

### PCBAs

Based on the usage of the final electronic products embedded with the PCBAs, the PCBAs can broadly apply to electronic end products for three principal industries: banking and finance, telecommunications and smart devices. The revenue from continuing operations generated from the sales of the PCBAs decreased by approximately 13.4% from approximately RMB130.6 million for the corresponding period in 2023 to approximately RMB113.1 million for the Review Period. The decrease in revenue is primarily attributable to a reduction in orders with a lower gross profit margin, which resulted in a diminished volume of sales. Additionally, there was a notable decline in demand from banking and finance sector during the Review Period.

### Fully-assembled electronic products

The fully-assembled electronic products embedded with the PCBAs are primarily manufactured by the Company in-house mainly, including mobile phones, mobile point-of-sale ("mPOS"), photovoltaic inverters, tablets and street lamp controllers, sold under the respective brands of the customers or the brands of their ultimate customers. The revenue generated from the sales of fully-assembled electronic products decreased by approximately 10.5% from approximately RMB39.1 million for the corresponding period in 2023 to approximately RMB35.0 million for the Review Period. The decrease in revenue is primarily due to the decrease in demand from mobile phone and tablet manufacturers who did not continue to produce new models and place related new orders during the Review Period.

### Gross Profit and Gross Profit Margin by Product Type

Gross profit from continuing operations of the Group for the Review Period was approximately RMB15.8 million, representing an increase of approximately RMB3.0 million or 23.3% as compared with approximately RMB12.8 million for the corresponding period in 2023. Overall gross profit margin increased from 7.6% for the corresponding period in 2023 to 10.7% for the Review Period.

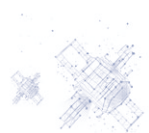
	Gross profit for the six months ended 30 June			Gross profit margin for the six months ended 30 June		
	2024 RMB'000	2023 RMB'000 (restated)	Changes %	2024 %	2023 % (restated)	Changes %
PCBAs	11,500	11,163	3.0	10.2	8.5	1.7
Fully-assembled electronic products	4,297	1,652	160.1	12.3	4.2	8.1
Total	15,797	12,815	23.3	10.7	7.6	3.1

### PCBAs

The gross profit derived from the sales of the PCBAs increased by approximately 3.0% to approximately RMB11.5 million for the Review Period (six months ended 30 June 2023: approximately RMB11.2 million). The gross profit margin increased to approximately 10.2% for the Review Period (six months ended 30 June 2023: approximately 8.5%), this improvement was caused by a more strategic approach in order management, i.e.: focusing on optimising the order mix, which helped in reducing the proportion of lower-margin sales during the Review Period.

### Fully-assembled electronic products

The gross profit derived from the sales of fully-assembled electronic products increased by approximately 160.1% to approximately RMB4.3 million for the Review Period (six months ended 30 June 2023: approximately RMB1.7 million). The gross profit margin increased to approximately 12.3% for the Review Period (six months ended 30 June 2023: approximately 4.2%), which was mainly due to a strategic realignment in customer relationships, focusing on partnerships that offer higher profitability and phasing out engagements with customers contributing lower gross profit margins.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Other Income

Other income from continuing operations of the Group for the Review Period mainly represented discretionary government grants received by the Group of approximately RMB0.7 million (six months ended 30 June 2023: approximately RMB1.7 million) and service income of approximately RMB1.9 million (six months ended 30 June 2023: Nil).

### Other Gains, Net

During the Review Period, other gains from continuing operations mainly represented gains on exchange differences of approximately RMB2.8 million (six months ended 30 June 2023: other gains on disposal of subsidiaries of approximately RMB3.5 million and exchange differences of approximately RMB0.7 million).

### Selling and Distribution Expenses

Selling and distribution expenses mainly comprised (i) employee benefit expenses which include salaries and allowance, social insurance contributions and staff welfare expenses for sales staff; (ii) sales commission paid to the sales agent in respect of customer introduction; (iii) advertising expenses; and (iv) entertainment expenses. For the Review Period, selling and distribution expenses from continuing operations amounted to approximately RMB7.4 million (six months ended 30 June 2023: approximately RMB8.2 million), representing a decrease of approximately 9.3% as compared to that for the corresponding period in 2023. The decrease in the selling and distribution expenses was mainly due to the significant decrease in advertising expenses for the EMS Business.

### General and Administrative Expenses

General and administrative expenses mainly represented (i) employee benefit expenses which include salaries and allowance, social insurance contributions and staff welfare expenses of administrative staff; (ii) legal and professional fees; (iii) building management fee; and (iv) other administrative expenses. For the Review Period, general and administrative expenses from continuing operations amounted to approximately RMB92.1 million (six months ended 30 June 2023: approximately RMB84.7 million), representing an increase of approximately 8.8% as compared to that for the corresponding period in 2023. The increase in general and administrative expenses for the Review Period was mainly due to the significant increase in staff cost of administrative staff.

### Finance Costs, Net

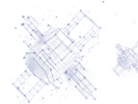
Finance costs from continuing operations mainly comprised interest expenses on bank borrowings, finance lease liability and lease liabilities while the finance income mainly represented interest income on cash and cash equivalents and pledged bank deposits. For the Review Period, the net finance costs of the Group was approximately RMB8.9 million (six months ended 30 June 2023: approximately RMB9.6 million). The decreased net finance costs was primarily due to the decrease in balances of bank and other borrowings during the Review Period.

### Income Tax Expense

Income tax expense from continuing operations amounted to approximately RMB0.1 million for the Review Period (six months ended 30 June 2023: approximately RMB3.5 million). The decrease in income tax expenses is mainly due to less assessable profit generated by the Group during the Review Period.

### Loss Attributable to Equity Holders of the Company

As a result of the factors discussed above, loss attributable to the equity holders of the Company for the Review Period decreased to approximately RMB71.6 million from approximately RMB87.3 million for the corresponding period in 2023.



## MANAGEMENT DISCUSSION AND ANALYSIS

### LIQUIDITY AND CAPITAL RESOURCES

#### Net Current Liabilities

The Group had net current liabilities of approximately RMB365.6 million as at 30 June 2024 (31 December 2023: approximately RMB339.3 million). The current ratio of the Group slightly decreased from approximately 0.54 as at 31 December 2023 to approximately 0.50 as at 30 June 2024.

#### Borrowings, the Pledge of Assets and Restricted Cash

The bank and other borrowings of the Group amounted to approximately RMB214.5 million as at 30 June 2024 (31 December 2023: approximately RMB247.0 million). The weighted average interest rate per annum of the Group's bank and other borrowings as at 30 June 2024 was 4.21% (31 December 2023: 3.93%). As at 30 June 2024 and 31 December 2023, the bank and other borrowings were secured by properties, plant and equipment, pledged bank deposit, land-use rights, shares of the Company's subsidiary, corporate guarantees provided by the members of the Group and a personal guarantee by Mr. Ma Fujun, an executive Director. As at 30 June 2024, the bank deposits included in assets classified as held for sale amounting to RMB10 million were pledged to banks for a performance bond provided for customer contract. As at 31 December 2023, the bank deposits amounting to RMB10 million were pledged to banks for a performance bond provided for customer contract. As at 30 June 2024, the cash and cash equivalents, pledged bank deposits, restricted cash and bank and other borrowings were mainly denominated in RMB, Hong Kong Dollars ("HK\$"), United States Dollars ("USD") and Euros ("EUR").

#### Gearing Ratio

The gearing ratio, which is calculated by total borrowings (excluding bank and other borrowings which included in liabilities directly associated with asset classified as held for sale), divided by total equity, was approximately 103.9% and 121.4% as at 30 June 2024 and 31 December 2023, respectively. The decrease in gearing ratio was due to the decrease in bank and other borrowings by approximately RMB32.5 million.

#### Capital Structure

As at 30 June 2024, the Company's issued share capital was HK\$3,894,208 and the number of issued shares of the Company was 389,420,800 ordinary shares of HK\$0.01 each ("Share(s)"), representing an increase from 31 December 2023, when the issued share capital was HK\$3,153,778 and the total number of shares was 315,377,800 ordinary shares of HK\$0.01 each share(s).

#### Foreign Exchange Exposure and Exchange Rate Risk

The Group's assets, liabilities and transactions are mainly denominated in RMB, HK\$, USD and EUR, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than the respective functional currencies of the Group's entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The management closely monitors the foreign currency exposure from time to time.

#### Capital Expenditure

For the Review Period, the Group had capital expenditure of approximately RMB26.2 million (six months ended 30 June 2023: approximately RMB91.1 million). The capital expenditure was related to the additions of furniture and fixtures, plant and machinery, and construction of manufacturing plant.



## MANAGEMENT DISCUSSION AND ANALYSIS

### INTERIM DIVIDEND

The Board does not recommend payment of interim dividend for the Review Period (six months ended 30 June 2023: Nil).

### EMPLOYEES AND EMOLUMENTS POLICY

The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, commission, bonuses and the Group's contribution to mandatory provident funds or state-managed retirement benefits scheme.

As at 30 June 2024, the Group had approximately 675 employees from continuing operations with a total remuneration of approximately RMB75.1 million during the Review Period (six months ended 30 June 2023: approximately RMB61.8 million). The salaries of the employees were determined with reference to individual performance, work experience, qualification and current industry practices.

### CAPITAL COMMITMENT

As at 30 June 2024, the Group's capital commitment amounted to approximately RMB204.5 million (31 December 2023: approximately RMB196.2 million). The capital commitment was mainly related to (i) the fitting-out contracts and procurement and installation contracts for the establishment of the Aerospace Business and (ii) satellite procurement contracts.

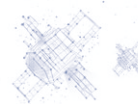
### CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as of 30 June 2024 (31 December 2023: Nil).

### EQUITY FUND RAISING ACTIVITIES AND USE OF NET PROCEEDS

#### First subscription of new Shares under general mandate

For the reason of replenishing the capital of the Company and strengthen the Group's financial position in view of the capital need of the Group and the capital-intensive nature of the aerospace business industry, on 2 May 2024, the Company entered into a subscription agreement (the "**May Subscription Agreement**") with Mr. Li Xiaofei ("**Mr. Li**"), an individual investor, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Li has conditionally agreed to subscribe for 30,000,000 new Shares (the "**May Subscription Shares**") under the general mandate at the subscription price of HK\$1.51 per Share (the "**May Subscription**"), representing a discount of approximately 19.68% to the closing price of HK\$1.88 per Share as quoted on the Stock Exchange on the date of the May Subscription Agreement. The aggregate nominal value of the May Subscription Shares was HK\$300,000. Completion of the May Subscription took place on 17 May 2024 in accordance with the May Subscription Agreement. The net proceeds of the May Subscription amounted to approximately HK\$45 million, representing a net subscription price of HK\$1.50 per Share, which was intended to be applied for the general working capital of the Group. Details of the May Subscription are set out in the announcements of the Company dated 2 May 2024 and 17 May 2024 respectively.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Second subscription of new Shares under general mandate

To raise further capital to replenish part of the Group's capital shortfall and to fund the short to medium term working capital needs of the Group, on 14 June 2024, the Company entered into a subscription agreement (the "**June Subscription Agreement**") with Mr. Ren Ran ("**Mr. Ren**"), an individual investor, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Ren has conditionally agreed to subscribe for 31,800,000 new Shares (the "**June Subscription Shares**") under the general mandate at the subscription price of HK\$1.01 per Share (the "**June Subscription**"), representing a discount of approximately 14.41% to the closing price of HK\$1.18 per Share as quoted on the Stock Exchange on the date of the June Subscription Agreement. The aggregate nominal value of the June Subscription Shares was HK\$318,000. Completion of the June Subscription took place on 26 June 2024 in accordance with the June Subscription Agreement. The net proceeds of the June Subscription amounted to approximately HK\$31.8 million, representing a net subscription price of HK\$1.00 per Share, which was intended to be applied for the general working capital of the Group. Details of the June Subscription are set out in the announcements of the Company dated 14 June 2024 and 26 June 2024 respectively.

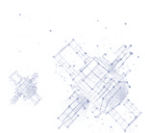
### Use of proceeds

Set out below is a summary of the allocation and utilization of the net proceeds of the May Subscription and June Subscription, and the proceeds brought forward from any issue of debt/equity securities (including securities convertible into equity securities) in previous financial year(s):

Fund raising activity	Use of proceeds	Approximate net proceeds <sup>(Note)</sup> (HK\$'000)	Actual use of approximate net proceeds as at 30 June 2024 (HK\$'000)	Unutilised approximate net proceeds as at 30 June 2024 (HK\$'000)	Expected timetable for utilization of unutilized net proceeds
The subscription by Macquarie of the collateralized convertible notes (the " <b>Convertible Notes</b> ") issued by the Company in the principal amount of HK\$700,000,000 with 0.5% coupon and due on the first anniversary of the closing date, which entitled the holder of the Convertible Notes to convert into a maximum number of 61,750,000 new Shares, in accordance with the terms of and conditions of the Convertible Notes subscription agreement dated 12 May 2023 (the " <b>CN Subscription Agreement</b> ")	The Group's working capital for the operation of the Group's Hong Kong satellite manufacturing centre and Hong Kong Satellite operation control and application centre	21,750	21,750	-	N/A
	General working capital	21,750	21,750	-	N/A
The May Subscription	General working capital	45,000	45,000	-	N/A
The June Subscription	General working capital	31,800	-	31,800	By the end of October 2024

Note:

Pursuant to the CN Subscription Agreement and its ancillary agreements, the Company only received proceeds upon the conversion of the Convertible Notes. From the date of issue of the Convertible Notes (i.e. 18 October 2023) and up to and inclusive of 30 June 2024, the total net proceeds in connection with the conversion of the Convertible Notes amounted to approximately HK\$43.5 million.



## MANAGEMENT DISCUSSION AND ANALYSIS

Save as disclosed, the Company has not conducted any equity fund raising activities during the Review Period and there are no other proceeds brought forward from any issue of equity securities (including securities convertible into equity securities) in previous financial year(s).

### MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

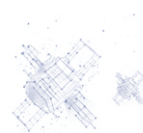
On 28 June 2024, Total United Holdings Limited, a wholly-owned subsidiary of the Company (the "**Vendor**"), entered into an agreement (the "**SPA**") with Stable Brand Limited (the "**Purchaser**"), pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the sale shares, representing the entire issued shares of Productive Glory Limited (the "**Target Company**" together with its subsidiaries, the "**Target Group**"), for a consideration of HK\$37,387,000 (the "**Disposal**"). Completion of the Disposal shall take place within sixty days after the date on which the conditions precedent under the SPA had been completely fulfilled or waived no later than 31 December 2024. As at the date of this report, the Disposal has not been completed. Upon completion, the Vendor will no longer hold any equity interest in the Target Company, and the Target Group will cease to be subsidiaries of the Group. The financial results of the Target Group will therefore no longer be consolidated into the Group's financial statements. Details of the SPA and the Disposal are set out in the announcement of the Company dated 28 June 2024.

Save as disclosed in this report, the Group did not have other material acquisitions or disposals and the Group did not hold any significant investments during the Review Period.

### EVENTS AFTER THE REVIEW PERIOD

#### The entering into of Strategic Partnership Agreement with Egyptian Space Agency

On 14 August 2024, the Company entered into a strategic partnership agreement with Egyptian Space Agency ("**EgSA**"), pursuant to which, the Company and EgSA intended to establish a joint venture in Cairo, Egypt, focusing on satellite manufacturing, testing, and other space-related technologies. This partnership is expected to significantly expand the Company's presence in the African aerospace market. Details of the said cooperation are set out in the announcement of the Company dated 14 August 2024.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There was no transaction, arrangement or contract of significance to which the Company, or any of its holding companies, subsidiaries, fellow subsidiaries or controlling shareholders was a party, and in which a Director or his or her connected entity had a material interest, whether directly or indirectly, subsisted at the end of the Review Period or at any time during the Review Period.

### DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2024, interests or short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as adopted by the Company, were as follows:

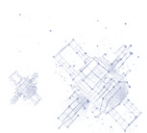
#### (i) Interests in the Company

Name of Director	Nature of interest	Number of shares held/ interested <sup>(1)</sup>	Approximate percentage of shareholding (%)
Mr. Sun Fengquan ("Mr. Sun")	Interest of a controlled corporation <sup>(2)</sup>	98,929,553(L)	25.41

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) These Shares were directly held as to 20,586,000 Shares, representing 5.29% of the total number of the issued Shares, by Vision International Group Limited ("Vision") and 78,343,553 Shares, representing 20.12% of the total number of the issued Shares, by Hong Kong Aerospace Technology Holdings Limited ("HKATH (BVI)"), a company incorporated in the British Virgin Islands with limited liability. The entire issued share capital of HKATH (BVI) is owned by Vision and Vision is wholly-owned by Mr. Sun. Therefore, Mr. Sun is deemed or taken to be interested in the Shares held by both Vision and HKATH (BVI) under the SFO.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### (ii) Interests in the ordinary shares of associated corporations

Name of Director	Name of associated corporation	Nature of interest	Number of shares interested <sup>(1)</sup>	Approximate percentage of shareholding (%)
Mr. Sun <sup>(2)</sup>	HKATH (BVI)	Interest of a controlled corporation	1(L)	100%
Mr. Sun	Vision	Beneficial owner	200,000,000(L)	100%

Notes:

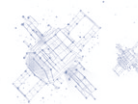
- (1) The letter "L" denotes the person's long position in the shares of the relevant associated corporation.
- (2) HKATH (BVI) is wholly-owned by Vision and Vision is wholly-owned by Mr. Sun. Therefore, Mr. Sun is deemed or taken to be interested in the 78,343,553 Shares held by HKATH (BVI) and 20,586,000 Shares held by Vision under the SFO.

Save as disclosed above, as at 30 June 2024, none of the Directors or chief executive of the Company and/or any of their respective associates had registered any interests or short positions in any shares and underlying shares in, and debentures of, the Company or any associated corporations, or any of their spouses or children under the age of 18 recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Save as disclosed in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" in this report, at no time during the Review Period was the Group, or the Company's holding company or any subsidiary of its holding company a party to any arrangements to enable the Directors, or any of their spouses or children under the age of 18 to acquire by means of acquisition of shares in, or debt securities, and including debentures, of the Group or any other body corporate.





## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SUBSTANTIAL SHAREHOLDERS' AND OTHERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors are aware, as at 30 June 2024, the following corporations/persons (other than the Directors and chief executive of the Company) had interests of 5% or more in the issued Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of Shareholder	Nature of interest	Number of Shares held/ interested <sup>(1)</sup>	Approximate percentage of shareholding (%)
HKATH (BVI)	Beneficial owner	78,343,553(L)	20.12
Vision	Beneficial owner; Interest of a controlled corporation <sup>(2)</sup>	98,929,553(L)	25.41
Macquarie Group Limited <sup>(3)</sup>	Interest of controlled corporation	55,503,600(L)	11.08
Ren Ran	Beneficial owner	31,800,000(L)	8.17

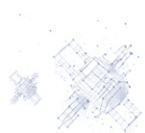
Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) Vision was directly interested in 20,586,000 Shares, representing 5.29% of the total number of the issued Shares. HKATH (BVI) was directly interested in 78,343,553 Shares, representing 20.12% of the total number of the issued Shares and the entire issued share capital of HKATH (BVI) is owned by Vision. Therefore, Vision is deemed or taken to be interested in the Shares held by HKATH (BVI) under the SFO.
- (3) Pursuant to the subscription agreement dated 12 May 2023 (as amended and supplemented by the supplemental agreement dated 31 August 2023), Macquarie Bank Limited is the holder of the Convertible Notes in the principal sum of HK\$700,000,000 which entitled it to convert into the maximum number of 61,750,000 new Shares. From the date of issue of the Convertible Notes (i.e. 18 October 2023) and up to and inclusive of 30 June 2024, Macquarie Bank Limited had converted certain Convertible Notes into 18,620,800 Shares and subsequently disposed of those Shares from time to time. Therefore, as at 30 June 2024, the Convertible Notes entitled Macquarie Bank Limited to convert the same up to the maximum number of 43,129,200 Shares. Macquarie Bank Limited is indirectly wholly-owned by Macquarie Group Limited. Hence, Macquarie Group Limited is deemed or taken to be interested in the shares held by Macquarie Bank Limited under the SFO.

Save as disclosed above, as at 30 June 2024, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company, other than the Directors and chief executive of the Company, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

### DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the Review Period and up to the date of this report, none of the Directors or any of their respective associates has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### SHARE OPTION SCHEME

A share option scheme was conditionally adopted by the Company on 25 July 2018 (the “**Share Option Scheme**”), which became effective on 16 August 2018 and shall remain valid and effective for a period of 10 years from its date of adoption. The Share Option Scheme is designed to provide the eligible participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives: (i) motivate the eligible participants to optimise their performance efficiency for the benefit of the Group; (ii) attract and retain or otherwise maintain an on-going business relationship with the eligible participants whose contributions are or will be beneficial to the long-term growth of the Group; and (iii) align the interests of the Group's senior management and shareholders, so that the senior management will pay more attention to the long-term development of the Group.

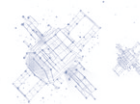
The eligible participants include the Group's service providers, directors, officers and employees of any members of the Group as determined or approved by the Board and the remuneration committee (the “**Remuneration Committee**”) of the Company from time to time and in compliance with the Listing Rules and the latest amendments under Chapter 17 regarding Share Option Schemes.

As detailed in the Company's listing documents dated 3 August 2018, and in line with the latest Listing Rules, the total number of shares available for issue under the Share Option Scheme as of 30 June 2024 was 30,000,000, representing 10% of the issued share capital of the Company as at the listing date and approximately 7.7% of the issued share capital of the Company as of 30 June 2024. No share option has been granted, exercised, cancelled or lapsed under the Share Option Scheme since the adoption date, and during the Review Period and up to the date of this report.

### CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) in force during the Review Period as set out in Appendix C1 to the Listing Rules during the Review Period except the following deviations:

- (a) Pursuant to code provision C.2.1 of the CG Code, the role(s) of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Sun currently serves as both the chairman and the chief executive officer of the Company. The Board believes that it is necessary to vest the roles of chairman and chief executive in the same person due to its unique role, Mr. Sun's experience and expertise in the aerospace industry, and the importance of Mr. Sun in the strategic development of the Company. The dual role arrangement provides strong and consistent market leadership and is critical for efficient business planning and decision making of the Company.
- (b) During the period from 27 April 2024 (the effective date of resignation of a former independent non-executive Director, Mr. David Gordon Eldon) to 10 May 2024, the Company did not meet the minimum number of independent non-executive Directors required under Rule 3.10A of the Listing Rules. On 10 May 2024, following the change of Directors, the number of independent non-executive Directors represents not less than one-third of the Board and the Company re-complied with such requirement thereafter.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### AUDIT COMMITTEE

The Company established the audit committee of the Board (the "**Audit Committee**") on 25 July 2018 with terms of reference in compliance with the CG Code to the Listing Rules for the purpose of making recommendations to the Board on the appointment and removal of the external auditor, to review the financial statements and related materials and provide independent advice in respect of the financial reporting process, and to oversee the risk management and internal control system of the Group. The Audit Committee comprises three members, all being independent non-executive Directors, namely, Mr. Hung Ka Hai Clement (chairman), Mr. Marwan Jassim Sulaiman Jassim Alsarkal and Professor Wang Jianyu.

The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2024 have not been audited or reviewed by the Company's external auditor, but they have been reviewed by the Audit Committee and have been duly approved by the Board under the recommendation of the Audit Committee.

### REMUNERATION COMMITTEE

The Remuneration Committee was established on 25 July 2018 with terms of reference (revised on 30 December 2022) in compliance with the CG Code for the purpose of making recommendations to the Board on the overall remuneration policy and structure relating to the Directors and senior management of the Group, to review and evaluate their performance in order to make recommendations on the remuneration package of each of the Directors and senior management as well as other employee benefit arrangements based on their experience, level of responsibility and general market conditions, to review and/or approve matters relating to all share schemes governing under Chapter 17 of the Listing Rules. As at 30 June 2024, the Remuneration Committee comprises three independent non-executive Directors, namely Prof. Wang Jianyu (chairman), Mr. Hung Ka Hai Clement and Mr. Juan de Dalmau-Mommertz.

### NOMINATION COMMITTEE

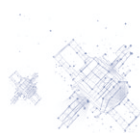
The nomination committee of the Company (the "**Nomination Committee**") was established on 25 July 2018 with terms of reference in compliance with the CG Code for the purpose of making recommendations to the Board on the appointment of Directors and the succession of the Board. As at 30 June 2024, the Nomination Committee comprises one executive Director, namely Mr. Sun (chairman), and three independent non-executive Directors, namely Ms. Barbara Jane Ryan, Mr. Hung Ka Hai Clement and Mr. Juan de Dalmau-Mommertz.

### MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code during the Review Period.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the Review Period.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### CHANGE OF DIRECTORS

During the Review Period and up to the date of this report, there were changes in Directors as follows:

- (a) With effect from 27 April 2024, Mr. David Gordon Eldon resigned as an independent non-executive Director.
- (b) With effect from 10 May 2024, (1) Mr. Nathan Earl Whigham has been appointed as a non-executive Director; (2) Dr. Lam Lee G. resigned as (i) an executive Director; (ii) the deputy chairman of the Board; (iii) a member of the Remuneration Committee; and (iv) a member of the Nomination Committee; (3) Mr. Niu Aimin resigned as a non-executive Director; (4) H.H. Shaikh Mohammed Maktoum Juma Al-Maktoum has been appointed as the deputy chairman of the Board; and (5) Mr. Hung Ka Hai Clement has been appointed as a member of the Remuneration Committee.
- (c) At the conclusion of the annual general meeting of the Company held on 25 June 2024, Ms. Ku Ka Lee Claire retired as an executive Director and the vice chairman of the Board.

### CHANGE IN INFORMATION OF DIRECTOR

With effect from 12 April 2024, Mr. Hung Ka Hai Clement, an independent non-executive Director, has been appointed as an independent non-executive director of Capital Estate Limited, a company listed on the Stock Exchange (stock code: 193).

Save for the above, none of the Director nor their respective biographical information had been changed since the date of the annual report of the Company for the year ended 31 December 2023 or of their respective appointments and up to the date of this report, which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the best of the Directors' knowledge, information and belief, the Company has maintained sufficient public float of not less than 25% of its Shares as required under the Listing Rules as at the date of this report.

By order of the Board

**Sun Fengquan**

*Chairman and Chief Executive Officer*

Hong Kong  
28 August 2024

# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2024

	Notes	Unaudited six months ended 30 June	
		2024 RMB'000	2023 RMB'000 (restated)
<b>Continuing operations</b>			
Revenue	6	148,038	169,680
Cost of sales	7	(132,241)	(156,865)
<b>Gross profit</b>		<b>15,797</b>	12,815
Other income	8	3,313	2,478
Other gains, net	9	2,538	3,555
Selling and distribution expenses	7	(7,430)	(8,191)
General and administrative expenses	7	(92,108)	(84,657)
Reversal of/(provision for) impairment on financial assets	7, 17	1,707	(897)
<b>Operating loss</b>		<b>(76,183)</b>	(74,897)
Finance income		120	127
Finance costs		(8,994)	(9,747)
Finance costs, net		(8,874)	(9,620)
<b>Loss before income tax</b>		<b>(85,057)</b>	(84,517)
Income tax expense	10	(149)	(3,507)
Loss from continuing operations		(85,206)	(88,024)
(Loss)/profit from discontinued operation		(1,192)	730
<b>Loss for the period</b>		<b>(86,398)</b>	(87,294)
<b>Loss for the period attributable to:</b>			
Equity holders of the Company		(71,637)	(87,293)
Non-controlling interest		(14,761)	(1)
		(86,398)	(87,294)
<b>(Loss)/profit attributable to equity holders of the Company arises from:</b>			
Continuing operations		(70,445)	(88,023)
Discontinued operation		(1,192)	730
		(71,637)	(87,293)

The above condensed consolidated income statement should be read in conjunction with the accompanying notes.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2024

	Note	Unaudited six months ended 30 June	
		2024 RMB'000	2023 RMB'000 (restated)
<b>Loss for the period</b>		<b>(86,398)</b>	(87,294)
<b>Other comprehensive (loss)/income:</b>			
<i>Item that will not be reclassified to profit or loss</i>			
Currency translation differences		3,368	6,255
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		(2,341)	(5,403)
<b>Total comprehensive loss for the period</b>		<b>(85,371)</b>	(86,442)
<b>Total comprehensive loss for the period attributable to:</b>			
Equity holders of the Company		(70,610)	(86,441)
Non-controlling interest		(14,761)	(1)
		<b>(85,371)</b>	(86,442)
<b>Total comprehensive (loss)/income for the period attributable to equity holders of the Company arises from:</b>			
Continuing operations		(69,418)	(87,171)
Discontinued operation		(1,192)	730
		<b>(70,610)</b>	(86,441)
<b>Loss per share attributable to equity holders of the Company arises from continuing operations</b>			
Basic and diluted	11	<b>RMB(21.44) cents</b>	RMB(28.49) cents
<b>Loss per share attributable to equity holders of the Company</b>			
Basic and diluted	11	<b>RMB(21.80) cents</b>	RMB(28.25) cents

The above condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2024

	Note	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
<b>Assets</b>			
<b>Non-current assets</b>			
Properties, plant and equipment	13	536,287	520,459
Right-of-use assets	13	154,398	173,477
Investment properties		5,463	5,610
Intangible assets	14	4,513	4,972
Restricted cash		2,683	2,683
Financial assets at fair value through profit or loss	18	919	917
Prepayments and deposits	15	47,386	45,891
Deferred tax assets		3,486	3,781
		<b>755,135</b>	757,790
<b>Current assets</b>			
Inventories	16	59,626	106,706
Trade and bills receivables	17	95,140	159,231
Prepayments, deposits and other receivables	15	86,758	50,801
Amount due from a related company	24	137	17
Current income tax recoverable		105	113
Pledged bank deposits		–	10,000
Cash and cash equivalents		31,375	70,225
		<b>273,141</b>	397,093
Assets classified as held for sale	21	89,066	–
		<b>362,207</b>	397,093
<b>Total assets</b>		<b>1,117,342</b>	1,154,883
<b>Equity</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		3,438	2,751
Share premium		418,536	326,330
Accumulated losses		(379,778)	(307,389)
Reserves		149,921	152,637
		<b>192,117</b>	174,329
Non-controlling interest		14,287	29,048
<b>Total equity</b>		<b>206,404</b>	203,377

**CONDENSED CONSOLIDATED BALANCE SHEET**

As at 30 June 2024

	Note	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred government grants		8,668	9,004
Lease liabilities		113,318	131,983
Provision for reinstatement cost	20	22,801	22,268
Bank and other borrowings		37,580	51,036
Deferred tax liabilities		814	796
		<b>183,181</b>	215,087
<b>Current liabilities</b>			
Trade payables	19	66,574	85,153
Other payables and accruals	20	121,650	115,800
Contract liabilities	20	20,332	18,492
Lease liabilities		52,246	36,648
Bank and other borrowings		176,899	195,932
Bonds payable		18,786	17,809
Loans from related companies	24	209,631	258,140
Current income tax liabilities		6,846	8,445
		<b>672,964</b>	736,419
Liabilities directly associated with assets classified as held for sale	21	54,793	–
		<b>727,757</b>	736,419
<b>Total liabilities</b>		<b>910,938</b>	951,506
<b>Total equity and liabilities</b>		<b>1,117,342</b>	1,154,883

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Unaudited									
	Attributable to equity holders of the Company									
	Share capital	Share premium	Statutory reserve	Share-based payment reserve	Other reserve	Exchange reserve	Accumulated losses	Sub-total	Non-controlling interest	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note a)									
<b>Balance at 1 January 2024</b>	2,751	326,330	13,971	13,501	117,952	7,213	(307,389)	174,329	29,048	203,377
<b>Comprehensive loss:</b>										
Loss for the period	-	-	-	-	-	-	(71,637)	(71,637)	(14,761)	(86,398)
<b>Other comprehensive income/(loss)</b>										
Currency translation differences	-	-	-	-	-	3,368	-	3,368	-	3,368
Exchange differences on translation of foreign operations	-	-	-	-	-	(2,341)	-	(2,341)	-	(2,341)
<b>Total comprehensive income/(loss)</b>	-	-	-	-	-	1,027	(71,637)	(70,610)	(14,761)	(85,371)
<b>Transaction with owners</b>										
Issuance of ordinary shares upon conversion of Convertible Notes (Note 22)	113	21,213	-	(4,495)	-	-	-	16,831	-	16,831
Issuance of ordinary shares upon subscriptions of new shares (Note b)	574	70,993	-	-	-	-	-	71,567	-	71,567
Appropriation	-	-	752	-	-	-	(752)	-	-	-
<b>Total transaction with owners</b>	687	92,206	752	(4,495)	-	-	(752)	88,398	-	88,398
<b>Balance at 30 June 2024</b>	3,438	418,536	14,723	9,006	117,952	8,240	(379,778)	192,117	14,287	206,404

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Unaudited								
	Attributable to equity holders of the Company								
	Share capital	Share premium	Statutory reserve	Other reserve	Exchange reserve	Retained earnings	Sub-total	Non-controlling interest	Total
RMB'000	RMB'000	RMB'000 (Note a)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Balance at 1 January 2023</b>	2,693	304,492	14,285	13,997	6,978	(96,562)	245,883	(1)	245,882
<b>Comprehensive loss:</b>									
Loss for the period	-	-	-	-	-	(87,293)	(87,293)	(1)	(87,294)
<b>Other comprehensive income/(loss)</b>									
Currency translation differences	-	-	-	-	6,255	-	6,255	-	6,255
Exchange differences on translation of foreign operations	-	-	-	-	(5,403)	-	(5,403)	-	(5,403)
<b>Total comprehensive income/(loss)</b>	-	-	-	-	852	(87,293)	(86,441)	(1)	(86,442)
<b>Disposal of a subsidiary</b>	-	-	-	-	-	-	-	1	1
<b>Balance at 30 June 2023</b>	2,693	304,492	14,285	13,997	7,830	(183,855)	159,442	(1)	159,441

Notes:

(a) The laws and regulations of the PRC require companies registered in the PRC to provide for certain statutory reserves, which are to be appropriated from the profit after income tax (after offsetting accumulated losses from prior years) as reported in their respective statutory financial statements, before profit distributions to equity holders. All statutory reserves are created for specific purposes. A PRC company is required to appropriate an amount of not less than 10% of statutory profits after income tax to statutory surplus reserves, prior to distribution of its post-tax profits of the current period. A company may discontinue the contribution when the aggregate sum of the statutory surplus reserve is more than 50% of its registered capital. The statutory surplus reserves shall only be used to make up losses of the company, to expand the company's operations, or to increase the capital of the company. In addition, a company may make further contribution to the discretionary surplus reserve using its post-tax profits in accordance with resolutions of the board of directors.

(b) On 17 May 2024, the Company issued 30,000,000 new shares at a price of HK\$1.51 per Share to an independent third party and raised net proceeds of approximately HK\$45 million (equivalent to approximately RMB41.9 million). The new shares rank equally with all existing shares.

On 26 June 2024, the Company further issued 31,800,000 new shares at a price of HK\$1.01 per Share to an independent third party and raised net proceeds of approximately HK\$31.8 million (equivalent to approximately RMB29.6 million). The new shares rank equally with all existing shares.

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Unaudited	
	six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
<b>Cash flows from operating activities</b>		
Cash used in operations	(15,877)	(63,862)
Income tax refunded	70	584
Interest received	123	560
Net cash used in operating activities	(15,684)	(62,718)
<b>Cash flows from investing activities</b>		
Purchase of properties, plant and equipment	(23,532)	(90,917)
Purchase of intangible assets	-	(354)
Purchase of financial assets at fair value through profit or loss	(2)	-
Proceeds from disposal of properties, plant and equipment	-	522
Proceeds from disposals of subsidiaries	-	66,613
Net cash used in investing activities	(23,534)	(24,136)
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	20,000	54,000
Repayments of bank borrowings	(34,773)	(74,187)
Interest paid	(9,361)	(7,722)
Change in short-term bank deposits	-	187
Payments of principal element of lease liabilities	(5,903)	(16,097)
Repayments to a related party	(120)	-
Repayments of loan from Directors and shareholders	-	(3,556)
Proceeds from loan from related companies	71,837	234,380
Repayments of loan from related companies	(126,168)	(99,707)
Proceed from issuance of shares	89,913	-
Net cash generated from financing activities	5,425	87,298
<b>(Decrease)/increase in cash and cash equivalents</b>	(33,793)	444
Cash and cash equivalents at beginning of the period	70,225	41,471
Currency translation differences	6,558	(2,926)
Cash and cash equivalents included in asset held for sale	(11,615)	-
<b>Cash and cash equivalents at end of the period</b>	31,375	38,989

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 15 March 2017 as an exempted company with limited liability under the Companies Act (Cap. 22, Act 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and the Group is principally engaged in (A) aerospace business (the "**Aerospace Business**"), comprising (1) satellite manufacturing, (2) satellite component manufacturing, (3) precision electronics manufacturing, (4) satellite data applications, (5) satellite telemetry, tracking, and controlling (TT&C), and (6) satellite launch; and (B) electronics manufacturing services business (the "**EMS Business**"), including assembling and production of printed circuit boards assemblies (the "**PCBAs**") and fully-assembled electronic products.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 16 August 2018.

This condensed consolidated interim financial information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand ("**RMB'000**"), unless otherwise stated. This interim financial information was approved for issue on 28 August 2024.

## 2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The interim financial information does not include all the notes of the type normally included in an annual report. Accordingly, this interim financial information is to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 2 BASIS OF PREPARATION (Continued)

#### Use of going concern basis

The Directors have given careful consideration to the future liquidity and cash flows of the Group in assessing whether the Group will have sufficient resources to continue as a going concern. For this purpose, the management has prepared a forecast covering a period of 12 months from 30 June 2024 taking into account the followings:

- (i) On 2 May 2024, the Company entered into a subscription agreement (the “**May Subscription Agreement**”) with Mr. Li Xiaofei (“**Mr. Li**”), an individual investor, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Li has conditionally agreed to subscribe for 30,000,000 new Shares under the general mandate at the subscription price of HK\$1.51 per Share (the “**May Subscription**”). Completion of the May Subscription took place on 17 May 2024 in accordance with the May Subscription Agreement. The net proceeds of the May Subscription amounted to approximately HK\$45 million which was intended to be applied for the general working capital of the Group;
- (ii) On 14 June 2024, the Company entered into a subscription agreement (the “**June Subscription Agreement**”) with Mr. Ren Ran (“**Mr. Ren**”), an individual investor, pursuant to which the Company has conditionally agreed to allot and issue, and Mr. Ren has conditionally agreed to subscribe for 31,800,000 new Shares under the general mandate at the subscription price of HK\$1.01 per Share (the “**June Subscription**”). Completion of the June Subscription took place on 26 June 2024 in accordance with the June Subscription Agreement. The net proceeds of the June Subscription amounted to approximately HK\$31.8 million which was intended to be applied for the general working capital of the Group;
- (iii) On 15 March 2024, the Group obtained a letter of undertaking (the “**Undertaking Letter**”) from Mr. Sun Fengquan (“**Mr. Sun**”), the chairman of the Board and an executive Director, pursuant to which Mr. Sun has irrevocably undertaken to provide the Group with an unsecured and interest-free revolving loan up to HK\$500 million (approximately RMB465.4 million). The Undertaking Letter is valid and subsisting up to 1 April 2025 and any loan drawn thereunder shall be repayable on 1 April 2025;
- (iv) In April 2022 and January 2023, the Group entered into loan agreements with Vision International Group Limited (“**Vision**”), a company wholly-owned by Mr. Sun, pursuant to which Vision has agreed to provide the Company with an unsecured and interest-free loan facilities of HK\$300 million (approximately RMB279.2 million) (“**Vision facilities**”) in total. Up to 30 June 2024, the Group drew a total of approximately RMB187.6 million from the Vision facilities;
- (v) In June 2022, the Group entered into a loan agreement with Hong Kong Aerospace Technology Holdings Limited (“**HKATH (BVI)**”), a company wholly-owned by Vision, pursuant to which HKATH (BVI) has agreed to provide the Company with an unsecured and interest-free loan facility of HK\$100 million (approximately RMB93.1 million) (“**HKATH (BVI) facility**”). Up to 30 June 2024, the Group drew a total of approximately RMB26.3 million from the HKATH (BVI) facility;

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 2 BASIS OF PREPARATION (Continued)

#### Use of going concern basis (Continued)

- (vi) On 15 March 2024, the Group obtained the confirmations from Vision and HKATH (BVI) that they would not seek for repayment of the loans, as mentioned in notes (iv) and (v) above, due to them by the Group unless and until the Group is in a position to repay. As such, the Group considers that these loans would not be repaid before 31 December 2024 despite the terms of such loans are repayable on demand;
- (vii) In July and October 2021, the Group entered into legally binding agreements with an independent third-party lender (the "**Lender**") for loans in the aggregate sum of approximately RMB98.2 million (the "**Loans**"). In March 2022 and March 2024, the Group has entered into supplemental agreements with the Lender to extend the repayment date of the Loans to 7 March 2024 and further to 7 March 2025 respectively. As at 30 June 2024, the Loans amounted to approximately RMB93.3 million;
- (viii) In May 2023, the Group entered into a convertible notes subscription agreement with Macquarie Bank Limited ("**Macquarie**"), pursuant to which the Group has received net proceeds of approximately RMB40.4 million up to 30 June 2024. The conversion rights attached to the convertible notes subscribed by Macquarie is exercisable until 18 October 2024, and Macquarie is entitled at its own discretion to convert up to 42,120,400 shares of the Company (the "**Shares**") at a subscription price of 95% of the volume weighted average price of the Shares as traded on the Stock Exchange on the trading day immediately preceding the subscription date with an additional 2% redemption discount on net proceeds. The Group expects to receive more proceeds from Macquarie for share subscription under the arrangement before its expiry date;
- (ix) The Group will substantially improve its cash flow position by reducing its net operating cash outflows from operation for the next twelve months by implementing various business strategies including (i) the EMS Business being able to secure contracts from new customers with higher margins; and (ii) the Aerospace Business being successful in its business development effort to expand its businesses abroad and also to secure new customers worldwide and generate cash inflows to offset the cash outflows from the necessary operating costs and expenses;
- (x) The Group is in negotiation with existing lenders in respect of renewal of existing borrowings as well ascertain potential lenders in respect of new borrowings; and
- (xi) The Group is in negotiation with certain potential investors for raising new capital by the way of issuing new equity and/or debt securities.

The Directors have reviewed the Group's cash flow projections prepared by the management, which cover a period of twelve months from 30 June 2024. In the opinion of the Directors, taking into account the anticipated cash flows to be generated from the Group's operations as well as the above-mentioned plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2024. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2023, as described in those annual consolidated financial statements, except for the estimation of income tax and the adoption of amended standards as set out below. Taxes on income in the Review Period are accrued using the tax rate that would be applicable to expected total annual earnings.

#### (a) Amended accounting standards and guidelines adopted by the Group

A number of amended accounting standards and guidelines became applicable for the current reporting period. The Group expected that the adoption of these amended accounting standards and guidelines did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

#### (b) Impact of standards issued but not yet applied by the Group

Certain amended accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

### 4 ESTIMATES

The preparation of this interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements in the annual report for the year ended 31 December 2023.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 5 FINANCIAL RISK MANAGEMENT

#### (a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

This interim financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual report for the year ended 31 December 2023. There have been no significant changes in the risk management policies since the year end.

#### (b) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's financial assets that are measured at fair value as at 30 June 2024 and 31 December 2023.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
<b>As at 30 June 2024 (unaudited)</b>				
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss</b>				
— Unlisted equity securities	—	—	919	919
<b>As at 31 December 2023</b>				
<b>Assets</b>				
<b>Financial assets at fair value through profit or loss</b>				
— Unlisted equity securities	—	—	917	917

There were no transfers among Levels 1, 2 and 3 and changes in valuation techniques during the Review Period.



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 5 FINANCIAL RISK MANAGEMENT (Continued)

#### (b) Fair value estimation (Continued)

The following table presents the changes in level 3 financial instruments for the six months period ended 30 June 2024 and 2023:

	Unlisted equity securities	
	Unaudited	
	six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Balance at 1 January	917	1,172
Additions	2	–
Balance at 30 June	919	1,172

In the opinion of the Directors, the carrying amounts of the Group's other financial assets and financial liabilities approximated their fair values as at 30 June 2024 and 31 December 2023.

### 6 REVENUE AND SEGMENT INFORMATION

The Company is an investment holding company and the Group is principally engaged in (A) the Aerospace Business, comprising (1) satellite manufacturing, (2) satellite component manufacturing, (3) precision electronics manufacturing, (4) satellite data applications, (5) satellite telemetry, tracking, and controlling (TT&C), and (6) satellite launch; and (B) the EMS Business, including assembling and production of PCBAs and fully-assembled electronic products.

The chief operating decision-maker has been identified as the Directors. The Directors review the Group's internal reporting in order to assess performance and allocate resources. The Directors have determined the operating segments based on these reports.

During the six months ended 30 June 2024, the Group had two reportable segments being:

- (i) EMS Business — Banking and finance and other devices; and
- (ii) Aerospace Business.

The EMS Business — Smart home devices segment was being considered as discontinued from 28 June 2024. Information about this discontinued segment is disclosed in note 21.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6 REVENUE AND SEGMENT INFORMATION (Continued)

#### (a) Segment revenue, gross profit and other segment information

The Directors assess the performance of the segments based on a measure of revenue and gross profit.

	EMS Business	Aerospace Business	Total
	RMB'000	RMB'000	RMB'000
<b>For the six months ended 30 June 2024 (unaudited)</b>			
<b>Continuing operations</b>			
Segment revenue	148,311	–	148,311
Inter-segment revenue	(273)	–	(273)
Segment cost of sales	(132,241)	–	(132,241)
Segment gross profit	15,797	–	15,797
Other segment information:			
Depreciation of properties, plant and equipment	6,843	3,360	10,203
Depreciation of right-of-use assets	667	16,171	16,838
Amortisation of intangible assets	530	–	530
Additions to non-current segment assets*	1,892	24,260	26,152
<b>For the six months ended 30 June 2023 (unaudited) (restated)</b>			
<b>Continuing operations</b>			
Segment revenue	171,153	–	171,153
Inter-segment revenue	(1,473)	–	(1,473)
Segment cost of sales	(156,865)	–	(156,805)
Segment gross profit	12,815	–	12,815
Other segment information:			
Depreciation of properties, plant and equipment	9,244	5,350	14,594
Depreciation of right-of-use assets	1,619	15,594	17,213
Amortisation of intangible assets	512	–	512
Additions to non-current segment assets*	6,031	89,759	95,790

\* The additions to non-current segment assets include (i) additions to properties, plant and equipment, right-of-use assets and intangible assets and (ii) prepayments for the acquisitions of properties, plant and equipment and intangible asset.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6 REVENUE AND SEGMENT INFORMATION (Continued)

#### (b) Segment assets and liabilities

	EMS Business RMB'000	Aerospace Business RMB'000	Total RMB'000
<b>As at 30 June 2024 (unaudited)</b>			
<b>Continuing operations</b>			
Segment assets	414,683	609,083	1,023,766
Segment liabilities	297,269	551,216	848,485
<b>As at 31 December 2023 (audited) (restated)</b>			
<b>Continuing operations</b>			
Segment assets	446,045	601,685	1,047,730
Segment liabilities	311,715	559,362	871,077

Reportable segment assets are reconciled to total assets as follows:

	<b>Unaudited 30 June 2024 RMB'000</b>	Audited 31 December 2023 RMB'000 (restated)
Segment assets	1,023,766	1,047,730
Assets relating to discontinued operation	89,066	102,637
Financial assets at fair value through profit or loss	919	917
Current income tax recoverable	105	113
Deferred tax assets	3,486	3,486
Total assets	1,117,342	1,154,883

Reportable segment liabilities are reconciled to total liabilities as follows:

	<b>Unaudited 30 June 2024 RMB'000</b>	Audited 31 December 2023 RMB'000 (restated)
Segment liabilities	848,485	871,077
Liabilities relating to discontinued operation	54,793	71,188
Current income tax liabilities	6,846	8,445
Deferred tax liabilities	814	796
Total liabilities	910,938	951,506

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6 REVENUE AND SEGMENT INFORMATION (Continued)

#### (c) Disaggregation of revenue from contracts with customers

	Unaudited six months ended 30 June	
	2024	2023
	RMB'000	RMB'000 (restated)
<b>Continuing operations</b>		
Timing of revenue recognition:		
At a point in time — sales of goods	<b>148,038</b>	169,680

#### (d) Revenue by customers' geographical location

The Group's revenue from continuing operations by geographical location, which is determined by the location of customers, is as follows:

	Unaudited six months ended 30 June	
	2024	2023
	RMB'000	RMB'000 (restated)
<b>Continuing operations</b>		
The PRC	<b>92,898</b>	136,403
India	<b>12,522</b>	8,997
Vietnam	<b>9,601</b>	3,662
South Korea	<b>9,490</b>	–
Germany	<b>8,290</b>	7,447
Hong Kong	<b>7,066</b>	877
Australia	<b>3,340</b>	6,633
The United States of America (the "USA")	<b>3,148</b>	95
Austria	–	4,981
Brazil	–	585
Others	<b>1,683</b>	–
	<b>148,038</b>	169,680

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 6 REVENUE AND SEGMENT INFORMATION (Continued)

#### (e) Non-current assets by geographical location

The total amounts of non-current assets, other than financial instruments and deferred tax assets from continuing operations of the Group as at 30 June 2024 and 31 December 2023 are located in the following regions:

	<b>Unaudited 30 June 2024 RMB'000</b>	Audited 31 December 2023 RMB'000 (restated)
<b>Continuing operations</b>		
The PRC	<b>195,997</b>	185,645
Hong Kong	<b>535,285</b>	547,035
Germany	<b>11</b>	243
	<b>731,293</b>	732,923

#### (f) Major customers

Revenue from customers from continuing operations individually contributing over 10% of the total revenue of the Group is as follows:

	<b>Unaudited six months ended 30 June 2024 RMB'000</b>	2023 RMB'000 (restated)
<b>Continuing operations</b>		
Customer A	<b>29,268</b>	29,809
Customer B	<b>10,397</b>	18,462
Customer C	<b>18,226</b>	9,875

The five largest customers accounted for approximately 52.8% of revenue from continuing operations for the Review Period (six months ended 30 June 2023: 47.4%).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 7 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, general and administrative expenses and (reversal of)/provision for impairment on financial assets from continuing operations are analysed as follows:

	Unaudited	
	six months ended 30 June	
	2024	2023
	RMB'000	RMB'000 (restated)
<b>Continuing operations</b>		
Cost of raw materials used	<b>86,144</b>	100,774
Consumables	<b>5,642</b>	996
Subcontracting charges	<b>–</b>	1,502
Employee benefit expenses and manpower service expenses, including Directors' emoluments	<b>75,113</b>	61,831
Rental expenses of short-term leases in respect of machinery and properties	<b>6,449</b>	4,278
Building management fee	<b>5,668</b>	5,377
Utilities	<b>4,035</b>	2,069
Depreciation of properties, plant and equipment (Note 13)	<b>10,203</b>	14,594
Depreciation of right-of-use assets (Note 13)	<b>16,838</b>	17,213
Amortisation	<b>530</b>	512
Auditor's remuneration		
— Audit services	<b>930</b>	1,334
— Non-audit services	<b>110</b>	133
Professional fees	<b>4,016</b>	8,463
Provision for inventories (Note 16)	<b>624</b>	8,591
Other tax and surcharges	<b>1,937</b>	4,893
Transportation	<b>239</b>	230
Travelling expenses	<b>2,499</b>	3,309
(Reversal of)/provision for impairment on financial assets (Note 17)	<b>(1,707)</b>	897
Service charge	<b>634</b>	324
Advertising	<b>88</b>	1,190
Entertainment expenses	<b>1,344</b>	2,790
Bank charges	<b>124</b>	275
Service fees for product development	<b>901</b>	3,384
Others	<b>7,711</b>	5,651
Total cost of sales, selling and distribution expenses, general and administrative expenses and (reversal of)/ provision for impairment on financial assets	<b>230,072</b>	250,610

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 8 OTHER INCOME

	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000 (restated)
<b>Continuing operations</b>		
Government grants	686	1,664
Service income	1,887	–
Sundry income	740	814
	<b>3,313</b>	<b>2,478</b>

### 9 OTHER GAINS, NET

	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000 (restated)
<b>Continuing operations</b>		
Exchange differences	2,835	654
Loss on disposal of properties, plant and equipment	(30)	(567)
Gains on disposal of subsidiaries	–	3,468
Others	(267)	–
	<b>2,538</b>	<b>3,555</b>

### 10 INCOME TAX EXPENSE

Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department of Hong Kong from the year of assessment 2019/20 onwards, the Group's first HK\$2 million of assessable profits under Hong Kong profits tax is subject to a tax rate of 8.25%. The Group's remaining assessable profits above HK\$2 million will continue to be subject to a tax rate of 16.5%.

During the six months ended 30 June 2024, no provision for Hong Kong profits tax has been made in the interim financial information as the Group had no assessable profit in Hong Kong.

During the six months ended 30 June 2024 and 2023, Gang Hang Ke (Shenzhen) Space Technology Co., Limited\* ("SZ Gang Hang Ke"), the Group's major operating subsidiary for the Aerospace Business in the PRC, has been qualified for small-scale enterprises with minimal profits status and is subject to an applicable tax rate of 20%.

During the six months ended 30 June 2024 and 2023, Shenzhen Hengchang Sheng Technology Company Limited\*, the Group's major operating subsidiary for the EMS Business in the PRC, has qualified for high and new technology enterprises status and is therefore subject to a preferential income tax rate of 15%.

During the six months ended 30 June 2024 and 2023, other Group's entities in the PRC were subject to the PRC corporate income tax ("CIT") at the tax rate of 25%.

\* For identification purpose only

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 10 INCOME TAX EXPENSE (Continued)

	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000 (restated)
<b>Continuing operations</b>		
Current income tax		
— The PRC CIT	149	1,911
— Withholding tax	—	13
Total current income tax	149	1,924
Deferred income tax	—	1,583
Income tax expense	149	3,507

### 11 LOSS PER SHARE

#### From continuing operations

The basic earnings per share attributable to equity holders of the Company arises from continuing operations is calculated by dividing the loss attributable to the equity holders from continuing operations of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2024 and 2023.

	Unaudited six months ended 30 June	
	2024	2023
Loss attributable to equity holders of the Company (RMB'000)	<b>(71,637)</b>	(87,293)
Add/(less): Loss/(profit) attributable to equity holders of the Company arises from discontinued operation (RMB'000)	<b>1,192</b>	(730)
	<b>(70,445)</b>	(88,023)
Weighted average number of ordinary shares in issue (thousands of shares)	<b>328,602</b>	309,000
Basic and diluted loss per share (RMB cents)	<b>(21.44)</b>	(28.49)



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 11 LOSS PER SHARE (Continued)

#### From continuing and discontinued operations

The basic loss per share attributable to equity holders of the Company arises from continuing and discontinued operations is calculated by dividing the loss attributable to equity holders from continuing and discontinued operations of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2024 and 2023.

	Unaudited six months ended 30 June	
	2024	2023
Loss attributable to equity holders of the Company (RMB'000)	<b>(71,637)</b>	(87,293)
Weighted average number of ordinary shares in issue (thousands of shares)	<b>328,602</b>	309,000
Basic and diluted loss per share (RMB cents)	<b>(21.80)</b>	(28.25)

#### From discontinued operation

Basic loss per share attributable to equity holders of the Company arise from the discontinued operation is approximately RMB0.36 cents (for the six months period ended 2023: profit per share of approximately RMB0.24 cents) per share, based on loss for the period from discontinued operation of approximately RMB1.2 million (for the six months period ended 2023: profit for the period of approximately RMB0.7 million) and the denominator detailed above for basic earnings per share.

There were no differences between the basic and diluted loss per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2024 and 2023.

### 12 DIVIDEND

No dividend has been paid or declared by the Company during the six months ended 30 June 2024 and 2023.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 13 PROPERTIES, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Properties, plant and equipment RMB'000	Right-of-use assets RMB'000	Total RMB'000
<b>As at 1 January 2024 (audited)</b>			
Cost	595,416	236,996	832,412
Accumulated depreciation	(74,957)	(63,519)	(138,476)
Net book amount	520,459	173,477	693,936
<b>Six months ended 30 June 2024 (unaudited)</b>			
Opening net book amount	520,459	173,477	693,936
Additions	23,532	2,659	26,191
Depreciation	(11,509)	(18,527)	(30,036)
Disposals	(2,369)	(229)	(2,598)
Assets classified as held for sale (Note 21)	(3,920)	(6,193)	(10,113)
Exchange difference	10,094	3,211	13,305
Closing net book amount	536,287	154,398	690,685
<b>As at 30 June 2024 (unaudited)</b>			
Cost	584,282	226,991	811,273
Accumulated depreciation	(47,995)	(72,593)	(120,588)
Net book amount	536,287	154,398	690,685
<b>As at 1 January 2023 (audited)</b>			
Cost	508,142	237,628	745,770
Accumulated depreciation	(83,468)	(28,193)	(111,661)
Net book amount	424,674	209,435	634,109
<b>Six months ended 30 June 2023 (unaudited)</b>			
Opening net book amount	424,674	209,435	634,109
Additions	91,129	–	91,129
Depreciation	(15,809)	(18,902)	(34,711)
Disposals	(1,086)	–	(1,086)
Exchange difference	13,781	7,134	20,915
Closing net book amount	512,689	197,667	710,356
<b>As at 30 June 2023 (unaudited)</b>			
Cost	611,859	246,190	858,049
Accumulated depreciation	(99,170)	(48,523)	(147,693)
Net book amount	512,689	197,667	710,356

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 13 PROPERTIES, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

As at 30 June 2024, properties, plant and equipment included buildings, furniture and fixtures, office equipment, plant and machinery, motor vehicles, satellites, leasehold improvements and construction in progress; whereas right-of-use assets included land-use rights and properties.

During the six months ended 30 June 2024, additions to properties, plant and equipment mainly represented additions to construction in progress for Hong Kong satellite manufacturing centre and Hong Kong satellite operation control and application centre at the Advanced Manufacturing Centre located at Tseung Kwan O Industrial Estate, Hong Kong (the "AMC").

### 14 INTANGIBLE ASSETS

During the six months ended 30 June 2023, the Group acquired items of software system with a cost of approximately RMB354,000. No intangible assets were acquired during the Review Period.

### 15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
<b>Current portion</b>		
Prepayments	52,082	15,887
Deposits (Note a)	2,836	2,503
Value-added tax receivables	28,446	21,457
Other receivables (Notes a and b)	3,394	10,954
	<b>86,758</b>	50,801
<b>Non-current portion</b>		
Prepayments for the acquisition of properties, plant and equipment and intangible assets	30,631	28,405
Deposits (Note a)	16,755	17,486
	<b>47,386</b>	45,891
	<b>134,144</b>	96,692

Notes:

- (a) As at 30 June 2024 and 31 December 2023, the carrying amounts of deposits and other receivables approximated their fair values.
- (b) The amounts were unsecured, interest free and repayable on demand.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 16 INVENTORIES

During the six months ended 30 June 2024, the cost of inventories recognised as expense and included in cost of sales from continuing operations amounted to approximately RMB130,975,000 (30 June 2023: RMB156,512,000), which included provision for inventories amounting to approximately RMB624,000 (30 June 2023: provision for inventories amounting to approximately RMB8,591,000).

### 17 TRADE AND BILLS RECEIVABLES

	<b>Unaudited 30 June 2024 RMB'000</b>	Audited 31 December 2023 RMB'000
Trade receivables	<b>106,499</b>	163,125
Bills receivables	<b>516</b>	9,545
Less: provision for impairment of trade and bills receivables	<b>(11,875)</b>	(13,439)
Trade and bills receivables	<b>95,140</b>	159,231

The Group's sales are on credit terms primarily from 30 to 120 days.

As at 30 June 2024 and 31 December 2023, the aging analysis of trade and bills receivables, based on invoice date, was as follows:

	<b>Unaudited 30 June 2024 RMB'000</b>	Audited 31 December 2023 RMB'000
Within 3 months	<b>74,287</b>	141,925
Over 3 months	<b>32,728</b>	30,745
	<b>107,015</b>	172,670
Less: provision for impairment of trade and bills receivables	<b>(11,875)</b>	(13,439)
	<b>95,140</b>	159,231

As at 30 June 2024 and 31 December 2023, the carrying amounts of trade and bills receivables approximated their fair values.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 17 TRADE AND BILLS RECEIVABLES (Continued)

Movements of the provision for impairment of trade and bills receivables were as follows:

	<b>Unaudited</b>	
	<b>six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
At beginning of the period	<b>13,439</b>	7,130
Reversal of provision for impairment of trade and bills receivables on individual basis, net	<b>(670)</b>	–
(Reversal of)/provision for impairment of trade and bills receivables on collective basis	<b>(1,037)</b>	897
Exchange difference	<b>143</b>	259
At end of the period	<b>11,875</b>	8,286

### 18 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Unlisted equity investments	<b>919</b>	917

Financial assets at fair value through profit or loss are all held for investments purpose.

### 19 TRADE PAYABLES

	<b>Unaudited</b>	Audited
	<b>30 June</b>	31 December
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
Trade payables	<b>66,574</b>	85,153

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 19 TRADE PAYABLES (Continued)

As at 30 June 2024 and 31 December 2023, the aging analysis of trade payables, based on invoice date, was as follows:

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Within 3 months	54,042	75,755
Over 3 months	12,532	9,398
	<b>66,574</b>	85,153

As at 30 June 2024 and 31 December 2023, the carrying amounts of trade payables approximated their fair values.

### 20 PROVISION FOR REINSTATEMENT COST, CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
<b>Current portion</b>		
Payables for construction works	52,120	26,094
Payables for acquisition of properties, plant and equipment	1,860	1,632
Interest payable	2,816	4,727
Other tax payables	5,535	2,021
Other payables	14,641	12,031
Accrued salaries and bonus	15,087	30,209
Accrued expenses	25,591	8,979
Refundable customer deposits	–	19,107
Deposit received for construction works	4,000	11,000
Contract liabilities	20,332	18,492
	<b>141,982</b>	134,292
<b>Non-current portion</b>		
Provision for reinstatement cost	22,801	22,268
	<b>164,783</b>	156,560

As at 30 June 2024 and 31 December 2023, the carrying amounts of contract liabilities, other payables and accruals approximated their fair values. They were unsecured, interest free and repayable on demand.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 21 DISCONTINUED OPERATION

On 28 June 2024, the Group entered into the share sale and purchase agreement (the “**Agreement**”) with a third party in relation to the disposal of the entire equity interest of Productive Glory Limited (a wholly-owned subsidiary of the Company) which, together with its subsidiaries (the “**Productive Group**”), for a consideration of HK\$37,387,000 (equivalent to approximately RMB34,300,000) (the “**Disposal**”). As at 30 June 2024, the completion of the Disposal was still subject to various conditions as set out in the Agreement.

Pursuant to the Agreement, the Disposal is expected to be completed no later than 31 December 2024 and constitutes a discontinued operation under HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” as the disposal group.

Upon completion of the Disposal, the Group will cease to have beneficial interest in the disposal group, and all the companies in the disposal group will cease to be subsidiaries of the Company. The financial results of the disposal group were no longer consolidated into the condensed consolidated financial statements of the Company.

The Productive Group was reported as a discontinued operation in the condensed consolidated financial statements for the six months ended 30 June 2024. The assets and liabilities of the Productive Group have been presented separately in the condensed consolidated balance sheet as at 30 June 2024.

#### (a) Assets and liabilities of the disposal group classified as held for sale

The following assets and liabilities in relation to the disposal group were reclassified as held for sale as at 30 June 2024:

	Unaudited 30 June 2024 RMB'000
<b>Assets classified as held for sale</b>	
Properties, plant and equipment	3,920
Right-of-use assets	6,193
Inventories	32,716
Trade and bills receivables	31,254
Prepayments, deposits and other receivables	3,073
Pledged bank deposits	10,000
Cash and cash equivalents	1,615
Deferred tax assets	295
<b>Total assets of disposal group classified as held for sale</b>	<b>89,066</b>
<b>Liabilities directly associated with assets classified as held for sale</b>	
Trade payables	19,444
Other payables and accruals	6,461
Current income tax liabilities	2,395
Lease liabilities	6,693
Bank borrowings	19,800
<b>Total liabilities of disposal group classified as held for sale</b>	<b>54,793</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 21 DISCONTINUED OPERATION (Continued)

#### (b) Financial performance and cash flow information

Financial information related to the discontinued operation is set out below:

	Unaudited	
	six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenue	71,069	65,294
Cost of sales	(68,793)	(60,767)
Gross profit	2,276	4,527
Other income	2,144	779
Other losses, net	(56)	(16)
Selling and distribution expenses	(383)	(461)
General and administrative expenses	(3,586)	(3,094)
Finance costs, net	(909)	(1,005)
Income tax expense	(678)	–
(Loss)/profit from discontinued operation	(1,192)	730
Net cash flows from operating activities	6,976	8,919
Net cash flows used in investing activities	(40)	(2,132)
Net cash flows used in financing activities	(11,398)	(2,685)
Net (decrease)/increase in cash from discontinued operation	(4,462)	4,102



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 22 SHARE-BASED PAYMENTS

Pursuant to the agreement dated 12 May 2023, the supplemental agreement dated 31 August 2023 and the Company's public announcement dated 18 October 2023, the Company granted share subscription rights to Macquarie Bank Limited ("**Macquarie**"), to subscribe the Company's shares at 95% of volume weighted average stock price on the Hong Kong Stock Exchange on transacting date with an additional 2% redemption discount on net proceed and 0.5% transaction cost per annum paid to Macquarie for the period from 18 October 2023 to 18 October 2024. The Company has the right to reject the request of share subscription if the stock price of the Company is below HK\$6.5. The total maximum shares can be subscribed by Macquarie are 61,750,000 shares. Any share subscription rights not exercised by Macquarie as of 18 October 2024 will lapse and cease to be valid for all purposes. The ordinary shares issued from the exercise of share subscription rights shall rank pari passu in all respects with the existing issued ordinary shares of the Company. Such arrangement of share subscription rights constitutes a share-based payment, of which the fair value of the subscription rights of approximately RMB13,970,000 was charged to the Group's consolidated income statement and credited to the share-base payment reserve during the year ended 31 December 2023. Approximately RMB4,495,000 share-base payment reserve was released due to the conversion of the share subscription during the Review Period. The fair value of share subscription rights are determined with reference to the share price of the Company's shares as of the grant date, volatility of share price, rejection price of HK\$6.5 per share for share subscription and the maximum number of share subscription pursuant to the share subscription agreement.

During the Review Period, Macquarie subscribed 12,243,000 shares with the net proceeds of approximately HK\$20,580,000.

### 23 CAPITAL COMMITMENTS

Capital expenditure contracted for at the end of the period/year but not yet incurred is as follows:

	<b>Unaudited 30 June 2024 RMB'000</b>	Audited 31 December 2023 RMB'000
Contracted but not provided for: Properties, plant and equipment	<b>204,464</b>	196,202

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 24 RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

The ultimate holding company, the immediate holding company and controlling shareholder of the Group are disclosed in Note 1.

Save as disclosed elsewhere, major related parties that had transactions with the Group during the six months ended 30 June 2024 and 2023 were as follows:

Name of related parties	Relationship with the Company
Rich Blessing Group Limited	Controlled by a Director
Shenzhen Qianhai Yufa Technology Company Limited* (深圳市前海宇發科技有限公司)	Controlled by a Director
Hong Kong Aerospace Technology Holdings Limited ("HKATH (BVI)")	A related company controlled by Mr. Sun
Vision International Group Limited ("Vision")	A related company controlled by Mr. Sun

#### (a) Transactions with related parties

Save as disclosed elsewhere in the interim financial information, during the six months ended 30 June 2024 and 2023, the following transactions were carried out with related parties at terms mutually agreed by both parties:

##### (i) Office rental fees paid/to be paid to a related company

	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Shenzhen Qianhai Yufa Technology Company Limited* (深圳市前海宇發科技有限公司) (Note)	461	482

##### (ii) Consultancy fee paid/to be paid to Directors

	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Christian Feichtinger (Note)	168	–
Fabio Favata (Note)	168	–

Note:

The above transactions were charged based on terms mutually agreed with the related party and in the ordinary course of business.

\* For identification purpose only

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

### 24 RELATED PARTY TRANSACTIONS (Continued)

#### (b) Key management compensation

Key management compensation including Directors' compensation paid or payable to key management for employee services is shown below:

	Unaudited six months ended 30 June	
	2024 RMB'000	2023 RMB'000
Wages and salaries	12,630	9,471
Pension costs — defined contribution plan	65	64
	<b>12,695</b>	9,535

\* For identification purpose only

#### (c) Balances arising from related party transactions

	Note	Unaudited 30 June 2024 RMB'000	Audited 31 December 2023 RMB'000
Amount due from Rich Blessing Group Limited	(i)	18	17
Loan from the HKATH (BVI)	(i)	27,025	14,335
Loan from the Vision	(i)	182,606	243,805
Rental deposit paid to Shenzhen Qianhai Yufa Technology Company Limited* (深圳市前海宇發科技有限公司)	(ii)	119	119

Notes:

- (i) Balances were unsecured, interest free and repayable on demand.
- (ii) Balance was unsecured, interest free and repayable within one year from the period/year end.

\* For identification purpose only