

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

(Incorporated in Bermuda with limited liability)

Stock Code: 232

Interim Report
2025





CONTENTS

Corporate Information	2
Chairman's Statement and Management Discussion and Analysis	3
Other Information	10
Interim Financial Information	14
Report on Review of Interim Financial Information	35



CORPORATE INFORMATION

DIRECTORS

Huang Yongfeng (*Chairman*)
Zhang Zhibiao (*Chief Executive Officer*)
Jiao Yan
Yu Xiaodong
Li Peiyin
Chow Wai Kam*
Chu Yu Lin, David**
Li Ka Fai, David**
Zhang Ping**

* *Non-executive Director*

** *Independent Non-executive Directors*

AUDIT COMMITTEE

Chu Yu Lin, David (*Chairman*)
Li Ka Fai, David
Zhang Ping

REMUNERATION COMMITTEE

Chu Yu Lin, David (*Chairman*)
Li Ka Fai, David
Zhang Zhibiao

NOMINATION COMMITTEE

Zhang Ping (*Chairman*)
Chu Yu Lin, David
Jiao Yan

COMPANY SECRETARY

Kwok Chi Ho

AUDITORS

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditors
27/F, One Taikoo Place, 979 King's Road
Quarry Bay, Hong Kong

LEGAL ADVISER

CLKW Lawyers LLP
Rooms 1901A, 1902 & 1902A, 19/F
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16-18 Queen's Road Central
Central, Hong Kong

PRINCIPAL BANKERS

Bank of China
Industrial and Commercial Bank of
China (Asia) Limited

REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM 10, Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit B, 15th Floor, United Centre
95 Queensway, Hong Kong

SHARE REGISTRARS

Principal registrar

Appleby Global Corporate Services
(Bermuda) Limited
Canon's Court, 22 Victoria Street
PO Box HM 1179
Hamilton HM EX
Bermuda

Hong Kong registrar

Computershare Hong Kong Investor
Services Limited
Rooms 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

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STOCK CODE

232



CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board (the "Board") of directors (the "Directors") of Continental Aerospace Technologies Holding Limited (the "Company"), I am pleased to present the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2025.

OVERALL REVIEW

For the first half of 2025, the Group recorded a revenue of HK\$1,005,250,000 (2024: HK\$781,805,000) and a gross profit of HK\$257,507,000 (2024: HK\$200,851,000). The Group recorded a profit for the period of HK\$64,293,000 (2024: HK\$7,053,000), which was mainly because of the profit for the period of HK\$70,925,000 recorded by the general aviation aircraft piston engine business (2024: loss of HK\$3,277,000).

Basic and diluted earnings per share amounted to HK ¢ 0.69 (2024: HK ¢ 0.08). The return on equity, calculated on the basis of profit attributable to owners of the Company as a percentage of equity attributable to owners of the Company, was 2.1% (2024: 0.2%).

BUSINESS REVIEW

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

For the first half of 2025, the general aviation aircraft piston engine business of the Group recognised a revenue of HK\$1,005,250,000 (2024: HK\$781,805,000) and a gross profit of HK\$257,507,000 (2024: HK\$200,851,000), and recorded a profit for the period of HK\$70,925,000 (2024: loss of HK\$3,277,000), which was mainly due to the significant increase in production capacity of the Group, driven by the completion of the new factory and the commissioning of new production equipment, the gradual stable operation of the new enterprise resource planning system and the continuous advancement of the "World-Class Manufacturing" ("WCM") production management system. This led to a year-on-year increase in order delivery, thereby boosting overall revenue and gross profit performance.



BUSINESS REVIEW *(cont'd)*

The Group showed the following key operational highlights in the first half of 2025:

Improved production efficiency

Under the Group's WCM production management system, with the completion of the Blue Marlin project and the pre-production approval processes of two new crankcase machining centers, which are now operational, the US production lines gradually achieved efficient operations, resulting in significantly reduced delivery time. Meanwhile, the Germany operations continued to enhance delivery volumes and product quality through increased investments in automation, digital tools, and production process optimization, thereby significantly improving the customer experience.

Product expansion

As at 30 June 2025, the cumulative flight hours of the Group's Jet-A engine series surpassed 12 million hours, demonstrating the engine's outstanding performance, reliability, and customer satisfaction.

Service enhancements

- **Website and Tool Enhancements:** The Group launched the brand new mobile-responsive websites. New features of the websites include Avgas and Jet-A engine management simulators, a Titan experimental engine configurator, a Comprehensive Illustrated Parts Catalog for the Group's gasoline engines and others, which will further enhance customer satisfaction and brand loyalty.
- **24/7 Customer Service Rollout:** The Group began phasing in a round-the-clock global after-sales service support model, with full 24/7 customer support targeted by year-end, improving the application experience of Avgas and Jet-A engine users.
- **Global service capabilities expanded** through new service centers in Europe and Asia; Advanced diagnostics and remote fleet monitoring services were introduced to boost uptime and operational convenience.



BUSINESS REVIEW *(cont'd)*

Enhanced supply chain resilience

Diversified sourcing and supplier partnerships helped mitigate tariff exposure, stabilized inventory, and supported the Group's efficient working capital management.

OEM business order demand growth

Solid order demand from Cirrus Aircraft, Tecnam Aircraft, Piper Aircraft and other customers continued to drive the Group's market share expansion.

Strengthening of global presence of Continental Aerospace Technologies Academy™

The Group's training academy further strengthened its global presence and can deliver in-person and remote maintenance training.

Successful celebration of the 120th anniversary of the subsidiary in the United States

In May 2025, the Group joined hands with partners and professionals of the general aviation industry to commemorate the milestone of 120 years of continuous innovations, reaffirming the Group's commitment to "Powering Legacies Forward".



FINANCIAL REVIEW

Goodwill

The Group's goodwill acquired through business combination has been allocated to USA CGU and Germany CGU. As at 30 June 2025, the entire amount of the goodwill related to the Germany CGU was HK\$14,828,000 (31 December 2024: HK\$13,080,000). The impairment assessment of the USA CGU and the Germany CGU was performed with the support of Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professionally qualified valuer.

During the six months ended 30 June 2025 and 2024, no impairment loss is recognised.

Other intangible assets

Other intangible assets consist of development programs in progress, trademarks, product technology, licence and completed programs and customer relationships. As at 30 June 2025, the Group's other intangible assets were HK\$1,303,720,000 (31 December 2024: HK\$1,270,538,000).

Investment in an associate

During the period, the Group recorded a share of loss of an associate in an aggregate of HK\$2,008,000 (2024: HK\$2,201,000). The Group recorded a gain on deemed disposal of an associate of HK\$94,000 (2024: HK\$10,011,000). As at 30 June 2025, the Group's investment in an associate were fully impaired.

Administrative expenses

Administrative expenses consist of salaries and wages, product liability expenses, legal and professional expenses and other general expenses. During the period, the Group recorded administrative expenses of HK\$162,792,000 (2024: HK\$154,023,000).



LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The Group has consistently maintained sufficient working capital. As at 30 June 2025, the Group had current assets of HK\$1,907,629,000 (31 December 2024: HK\$1,785,810,000), including cash and cash equivalents and time deposits with original maturity over three months in an aggregate of HK\$807,822,000 (31 December 2024: HK\$799,458,000). The Group's current liabilities as at 30 June 2025 were HK\$507,492,000 (31 December 2024: HK\$478,660,000).

As at 30 June 2025, the Group's total equity amounted to HK\$3,065,587,000 (31 December 2024: HK\$2,979,137,000), comprising share capital of HK\$930,337,000 (31 December 2024: HK\$930,337,000) and reserves of HK\$2,135,250,000 (31 December 2024: HK\$2,048,800,000). The Group's interest-bearing debts included lease liabilities of HK\$289,590,000 (31 December 2024: HK\$288,591,000). As at 30 June 2025, the Group's gearing ratio, calculated on the basis of the interest-bearing debts as a percentage of total equity plus the interest-bearing debts, was 8.6% (31 December 2024: 8.8%).

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2025 and 31 December 2024, there are no assets pledged to secure the Group's bank facilities.

EXPOSURE TO FOREIGN CURRENCY RISK

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

MATERIAL ACQUISITIONS AND DISPOSALS

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



EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the six months ended 30 June 2025 and up to the date of this announcement.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any significant contingent liabilities (31 December 2024: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2025, there were 614 (31 December 2024: 604) employees in the Group. The employees' wages and salaries, amounted to HK\$181,408,000 (2024: HK\$157,226,000) for the period. The Group recognises the importance of good relationship with employees. The Directors believe that the working environment and benefits offered to employees have contributed to building good staff relations and retention. The Group's remuneration policies are formulated based on the performance of individual employees and market conditions and are reviewed regularly. The Group also provides other staff benefits including medical and life insurance and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

OUTLOOK

The Group will continue to advance its WCM production management system strategy, focusing on the research, development, and modification of new piston engines. In July 2025, the CD-170R, the Group's new Jet-A piston engine, received the Editors' Choice Award from "Flying Magazine" in recognition of its pioneering role in enhancing the flight efficiency and convenience of rotorcraft. The engine is currently awaiting approval from the European Union Aviation Safety Agency (EASA).

The General Aviation Manufacturers Association (GAMA) and the U.S. Federal Aviation Administration (FAA) remain optimistic about the development of the general aviation sector. The Group continues to adhere to its long-term strategy of product design innovation, adhering to a customer-centric approach and lean manufacturing capabilities to cope with factors such as tariff fluctuations, labor shortages and global political and economic instability.

APPRECIATION

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

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

Hong Kong, 28 August 2025



OTHER INFORMATION

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

As at 30 June 2025, the interests and short positions of the Directors and the chief executive in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) (a) as recorded in the register required to be kept under Section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in ordinary shares of the Company

Name of Director	Capacity	Number of issued ordinary shares held				Approximate percentage of shareholding in the Company
		Personal interests	Interests of spouse	Corporate interests	Total interests	
Yu Xiaodong	Beneficial owner	2,000,000	–	–	2,000,000	0.02%

Save as disclosed above and except for certain Directors who had non-beneficial interests in certain subsidiaries of the Company held for the benefits of the Company, as at 30 June 2025, none of the Directors nor chief executive had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) as recorded in the register required to be kept under Section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS’ RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section of “DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES” above, during the period no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company had been granted to any of the Directors or their respective spouses or children under 18 years of age; no such rights had been exercised by them; and none of the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.



SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2025, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name of shareholders	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital as at 30 June 2025
Tacko International Limited ("Tacko")	Beneficial owner	1,895,559,000	20.37
AVIC International (HK) Group Limited ("AVIC International (HK) Group")	Beneficial owner	2,421,341,390	26.03
	Through a controlled corporation	1,895,559,000	20.37
AVIC Innovation Holding Limited ("AVIC Innovation")	Through a controlled corporation	4,316,900,390	46.40
Aviation Industry Corporation of China, Ltd ("AVIC")	Through a controlled corporation	4,316,900,390	46.40

According to notices of disclosure of interests filed with the Company, Tacko is a wholly-owned subsidiary of AVIC International (HK) Group, which in turn is a wholly-owned subsidiary of AVIC Innovation. AVIC Innovation is a wholly-owned subsidiary of AVIC. Accordingly, each of AVIC International (HK) Group, AVIC Innovation and AVIC is deemed to be interested in the shares held by Tacko.

Save as disclosed above, as at 30 June 2025, no person had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.



PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares) during the period.

As at 30 June 2025, there is no treasury shares held by the Company.

CORPORATE GOVERNANCE

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

For the six months ended 30 June 2025, the Company applied the principles of, and complied with all the code provisions and, where applicable, the recommended best practices of the Corporate Governance Code as set out in Part 2 of Appendix C1 of the Listing Rules.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix C3 of the Listing Rules as the Company's code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2025.

AUDIT COMMITTEE

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

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2025 has been reviewed by the Audit Committee, and has also been reviewed by Ernst & Young in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.



INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
	Notes		
Revenue	4	1,005,250	781,805
Cost of sales		(747,743)	(580,954)
Gross profit		257,507	200,851
Other income and gains, net		71,916	21,226
Selling and distribution expenses		(40,949)	(40,475)
Administrative expenses		(162,792)	(154,023)
Research and development costs		(28,301)	(22,294)
Other operating income		–	12,044
Finance costs		(6,553)	(6,561)
Share of loss of an associate		(2,008)	(2,201)
Impairment loss on investment in an associate		(13,805)	–
PROFIT BEFORE TAX	5	75,015	8,567
Income tax expense	6	(10,722)	(1,514)
PROFIT FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		64,293	7,053
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	7	HK\$0.69 cent	HK\$0.08 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
PROFIT FOR THE PERIOD	64,293	7,053
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	68,674	(14,422)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	68,674	(14,422)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, ATTRIBUTABLE TO OWNERS OF THE COMPANY	132,967	(7,369)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	9	626,068	612,643
Right-of-use assets		242,577	245,426
Goodwill	10	14,828	13,080
Other intangible assets		1,303,720	1,270,538
Investment in an associate		–	15,501
Equity investments designated at fair value through other comprehensive income		2,352	2,331
Defined benefit plan assets		8,868	8,966
Total non-current assets		2,198,413	2,168,485
CURRENT ASSETS			
Inventories		825,268	786,250
Trade receivables	11	179,550	123,776
Contract assets		13,348	8,853
Prepayments, deposits and other receivables		60,164	51,643
Amount due from a fellow subsidiary	12	21,477	15,830
Time deposits		533,467	555,940
Cash and cash equivalents		274,355	243,518
Total current assets		1,907,629	1,785,810

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(cont'd)

	Note	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
CURRENT LIABILITIES			
Trade payables	13	138,739	131,868
Other payables, accruals and provisions		262,925	249,119
Amount due to a fellow subsidiary		415	–
Amount due to an intermediate holding company		24,997	24,639
Lease liabilities		8,759	7,930
Contract liabilities		31,778	24,247
Tax payable		39,879	40,857
Total current liabilities		507,492	478,660
NET CURRENT ASSETS		1,400,137	1,307,150
TOTAL ASSETS LESS CURRENT LIABILITIES		3,598,550	3,475,635
NON-CURRENT LIABILITIES			
Lease liabilities		280,831	280,661
Defined benefit plan obligations		4,575	4,525
Contract liabilities		106,155	86,790
Provisions		41,375	40,920
Deferred tax liabilities		100,027	83,602
Total non-current liabilities		532,963	496,498
Net assets		3,065,587	2,979,137
EQUITY			
Share capital		930,337	930,337
Reserves		2,135,250	2,048,800
Total equity		3,065,587	2,979,137



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital HK\$'000	Share premium account HK\$'000	Asset revaluation reserve HK\$'000	Reserve fund HK\$'000	Translation reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 January 2025 (audited)	930,337	1,857,729	130,615	183	(58,310)	118,583	2,979,137
Profit for the period	-	-	-	-	-	64,293	64,293
Other comprehensive income for the period: Exchange differences on translations of foreign operations	-	-	-	-	68,674	-	68,674
Total comprehensive income for the period	-	-	-	-	68,674	64,293	132,967
2024 final dividend	-	-	-	-	-	(46,517)	(46,517)
At 30 June 2025 (unaudited)	930,337	1,857,729	130,615	183	10,364	136,359	3,065,587

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (cont'd)

	Share capital HK\$'000	Share premium account HK\$'000	Asset revaluation reserve HK\$'000	Fair value reserve of equity investments designated at fair value through other comprehensive income HK\$'000	Reserve fund HK\$'000	Translation reserve HK\$'000	Retained profit HK\$'000	Total equity HK\$'000
At 1 January 2024 (audited)	930,337	1,857,729	130,615	(224,452)	183	(25,638)	326,687	2,995,461
Profit for the period	-	-	-	-	-	-	7,053	7,053
Other comprehensive loss for the period:								
Exchange differences on translations of foreign operations	-	-	-	-	-	(14,422)	-	(14,422)
Total comprehensive income/(loss) for the period	-	-	-	-	-	(14,422)	7,053	(7,369)
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	-	224,452	-	-	(224,452)	-
2023 final dividend	-	-	-	-	-	-	(46,517)	(46,517)
At 30 June 2024 (unaudited)	930,337	1,857,729	130,615	-	183	(40,060)	62,771	2,941,575



CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

		Six months ended 30 June	
	Notes	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from/(used in) operating activities	17	78,517	(141,253)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from withdrawal of time deposits with original maturity over three months		182,559	306,260
Placements of new time deposits with original maturity over three months		(157,764)	(224,236)
Purchases of items of property, plants and equipment	9	(21,118)	(20,894)
Additions of other intangible assets		(15,101)	(29,489)
Interest received		6,801	12,234
Proceeds on disposal of items of property, plant and equipment		3	157
Receipt of repayment of a loan to an associate		–	7,086
Net cash flows from/(used in) investing activities		(4,620)	51,118
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments		(3,940)	(3,626)
Dividends paid		(46,517)	(46,517)
Advance from a fellow subsidiary		–	294
Repayment to an intermediate holding company		(2,391)	–
Net cash flows used in financing activities		(52,848)	(49,849)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	21,049	(139,984)
Cash and cash equivalents at beginning of period	243,518	246,417
Effect of foreign exchange rate changes, net	9,788	(1,605)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	274,355	104,828
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	196,254	99,142
Non-pledged time deposits with original maturity of less than three months when acquired	78,101	5,686
CASH AND CASH EQUIVALENTS AS STATED IN THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	274,355	104,828



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2025 is unaudited and has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”). This unaudited interim financial information does not include all the information and disclosures required for a full set of annual financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2024.

The unaudited interim condensed consolidated financial information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income which are measured at fair values, and is presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the following amended HKFRS Accounting Standard for the first time for the current period’s financial information.

Amendments to HKAS 21

Lack of Exchangeability

The adoption of the above amended HKFRS Accounting Standard has had no significant financial effect on the Group’s unaudited interim condensed consolidated financial information.

3. Operating segment

For management purposes, the Group has only one reportable operating segment, of which the Group engages in the design, development and production of general aviation aircraft piston engines and spare parts as well as the provision of aftermarket services and support for piston engines. Accordingly, no segment information is presented.

4. Revenue

An analysis of revenue is as follows:

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Revenue from contracts with customers		
Sales of aircraft engines and spare parts	961,645	729,799
Rendering of services	43,605	52,006
	1,005,250	781,805
Disaggregated revenue information for revenue from contracts with customers		
Geographical markets		
USA	781,295	621,202
Europe	133,591	112,032
Others	90,364	48,571
	1,005,250	781,805
Timing of revenue recognition		
Goods transferred at a point in time	961,645	729,799
Services transferred over time	43,605	52,006
	1,005,250	781,805



5. Profit before tax

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

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Cost of inventories sold*	726,907	549,392
Cost of services provided*	20,836	31,562
Write-down/(reversal of write-down) of inventories**	(11,537)	5,230
Depreciation of property, plant and equipment	23,254	20,580
Depreciation of right-of-use assets	7,269	7,109
Amortisation of other intangible assets	42,814	42,838
Gain on deemed disposal of an associate***	(94)	(10,011)
Insurance compensation***	(23,121)	–
Foreign exchange differences, net***	(38,094)	3,071
Reversal of provision for product service bulletin****	–	(12,044)
Impairment loss on investment in an associate	13,805	–

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

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

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

**** In the prior period, the Group has reassessed the provision for product service bulletin and a reversal of HK\$12,044,000 was credited to "other operating income" in the condensed consolidated statement of profit or loss.

6. Income tax

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2025 as the Group did not generate any assessable profits arising in Hong Kong during the period (2024: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Current – Elsewhere:		
Charge for the period	5,813	5,296
Deferred tax	4,909	(3,782)
	10,722	1,514

7. Earnings per share attributable to ordinary equity holders of the Company

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

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

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Earnings:		
Profit attributable to ordinary equity holders of the Company	64,293	7,053



7. Earnings per share attributable to ordinary equity holders of the Company (cont'd)

	Six months ended 30 June	
	2025 (Unaudited)	2024 (Unaudited)
Shares:		
Weighted average number of ordinary shares in issue during the period	9,303,374,783	9,303,374,783

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2025 (six months ended 30 June 2024: Nil).

8. Dividend

No dividends in respect of the period ended 30 June 2025 and 2024 were paid, declared or proposed.

The 2024 final dividend of HK\$46,517,000 was approved by the Company's shareholders at the annual general meeting.

9. Property, plant and equipment

During the six months ended 30 June 2025, the Group had additions of items of property, plant and equipment of HK\$21,118,000 (six months ended 30 June 2024: HK\$20,894,000).

10. Goodwill

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

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

As at 30 June 2025 and 31 December 2024, the entire amount of goodwill was related to the Germany CGU. The goodwill related to the USA CGU was fully impaired in prior years.

11. Trade receivables

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Trade receivables	185,555	130,540
Impairment losses	(6,005)	(6,764)
Net carrying amount	179,550	123,776

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

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. As at 30 June 2025, the Group had certain concentrations of credit risk as 41% (31 December 2024: 26%) of the Group's trade receivables were due from one of the Group's key customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within 1 month	135,054	89,398
1 to 2 months	38,435	20,916
2 to 3 months	592	8,993
Over 3 months	5,469	4,469
	179,550	123,776



12. Amount due from a fellow subsidiary

An ageing analysis of the amount due from a fellow subsidiary for trade receivables balance as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within 1 month	21,477	15,830

13. Trade payables

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

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Within 1 month	86,716	79,362
1 to 2 months	50,847	47,442
2 to 3 months	460	4,434
Over 3 months	716	630
	138,739	131,868

The trade payables are non-interest-bearing and normally settled on 45 days terms.

14. Capital commitments

The Group had the following capital commitments at the end of the reporting period:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Contracted, but not provided for: Plant and machinery	10,036	7,955

15. Related party transactions

- (a) The Group had the following transactions with related parties during the period:

		Six months ended 30 June 2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
	Notes		
Interest income on loan to an associate	(i)	–	8
Sales to a fellow subsidiary	(ii)	176,786	159,660
Purchases from a fellow subsidiary	(iii)	1,590	1,128
Management fee income from the immediate holding company	(iv)	788	855



15. Related party transactions *(cont'd)*

(a) *(cont'd)*

Notes:

- (i) The interest income was charged on the loan to an associate at an interest rate of 6% per annum.
- (ii) The sales to a fellow subsidiary are determined according to the terms agreed between the Group and the fellow subsidiary.
- (iii) The purchases from a fellow subsidiary are determined according to terms agreed between the Group and the fellow subsidiary.
- (iv) The management fee income from the immediate holding company is determined according to terms agreed between the Group and the immediate holding company.

(b) Compensation of key management personnel of the Group:

	Six months ended	
	30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Short-term employee benefits	561	618
Post-employment benefits	18	17
Total compensation paid to key management personnel	579	635



16. Fair value and fair value hierarchy of financial instruments

The carrying amounts of the Group's financial instruments measured at fair values, are as follows:

	Carrying amounts	
	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Equity investments designated at fair value through other comprehensive income	2,352	2,331

Management has assessed that the carrying amounts of its financial assets and financial liabilities measured at amortised cost approximates to their fair values.

Certain of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as different levels of the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements.



16. Fair value and fair value hierarchy of financial instruments (cont'd)

Financial instruments	Fair value as at		Fair value hierarchy	Valuation technique	Key unobservable inputs sensitivity analysis
	30 June 2025	31 December 2024			
Unlisted equity investments	HK\$2,352,000	HK\$2,331,000	Level 3	Market approach using issued prices of transactions	Recent transaction prices 1% (2024: 1%) increase/ (decrease) in issued prices of transactions would result in increase/ (decrease) in fair value by HK\$24,000 (2024: HK\$23,000)

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (six months ended 30 June 2024: Nil).

The movements in fair value measurements within Level 3 during the year are as follows:

	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Unlisted equity investments		
At beginning of period/year	2,331	2,343
Exchange realignment	21	(12)
At end of period/year	2,352	2,331

The Group did not have any financial liabilities measured at fair value as at 30 June 2025 and 31 December 2024.

17. Net cash flows from/(used in) operating activities

		Six months ended 30 June	
		2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
	Notes		
Profit before tax		75,015	8,567
Adjustments for:			
Finance costs		6,553	6,561
Share of loss of an associate		2,008	2,201
Bank interest income		(9,282)	(12,226)
Interest income on loan to an associate		–	(8)
Write-down/(reversal of write-down) of inventories	5	(11,537)	5,230
Depreciation of property, plant and equipment	5	23,254	20,580
Depreciation of right-of-use assets	5	7,269	7,109
Amortisation of other intangible assets	5	42,814	42,838
Gain on disposal of property, plant and equipment		(3)	–
Gain on deemed disposal of an associate	5	(94)	(10,011)
Reversal of impairment losses under expected credit loss model, net		(95)	–
Impairment loss on investment in an associate	5	13,805	–



17. Net cash flows from/(used in) operating activities *(cont'd)*

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Operating cash flows before		
movements in working capital	149,707	70,841
Increase in inventories	(26,274)	(150,565)
Increase in trade receivables	(51,100)	(21,043)
Decrease/(increase) in prepayments, deposits and other receivables	(5,273)	2,887
Movement in balances with fellow subsidiaries, net	(5,740)	(29,957)
Decrease/(increase) in contract assets	(4,363)	16,756
Increase in trade payables	4,912	16,911
Increase/(decrease) in other payables, accruals and provisions	2,478	(46,928)
Increase in contract liabilities	24,568	11,779
Movement in balances with defined benefit plan	196	200
Cash generated from/(used in) operations	89,111	(129,119)
Interest paid	(6,553)	(6,561)
Overseas taxes paid	(4,041)	(5,573)
Net cash flows from/(used in) operating activities	78,517	(141,253)



REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



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TO THE BOARD OF DIRECTORS OF CONTINENTAL AEROSPACE TECHNOLOGIES HOLDING LIMITED

(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 14 to 34, which comprises the condensed consolidated statement of financial position of Continental Aerospace Technologies Holding Limited (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2025 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.



Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

28 August 2025