

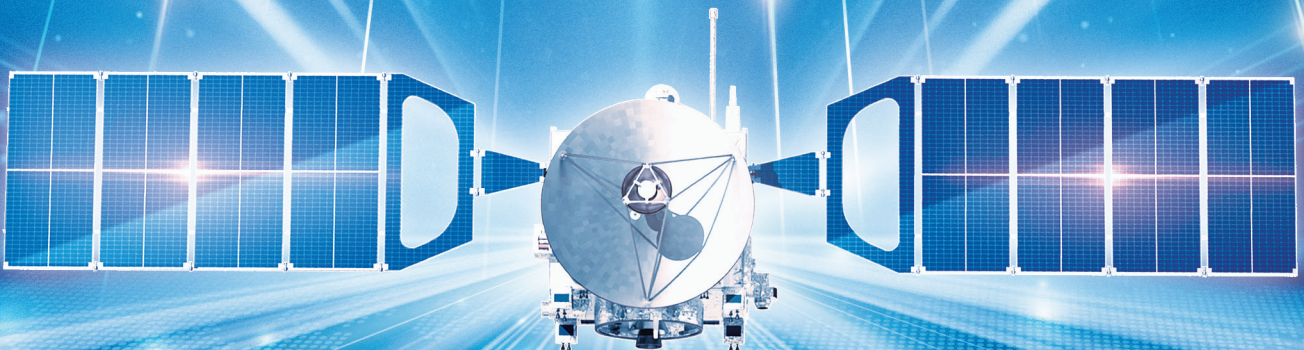


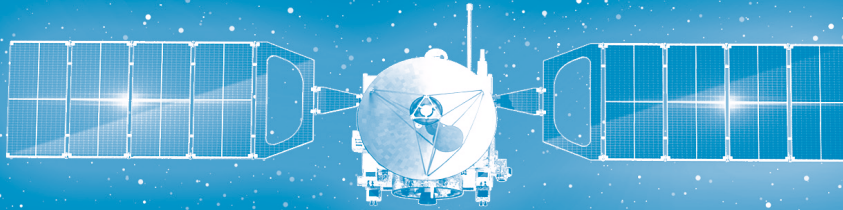
USPACE Technology Group Limited 洲際航天科技集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1725.HK

INTERIM REPORT 2025





USPACE Technology Group Limited / Interim Report 2025

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

H.E. Mohamed Ben Amor (*Chairman*)
 H.H. Shaikh Mohammed Maktoum Juma
 Al-Maktoum (*Deputy Chairman*)
 Dr. Fabio Favata
 Mr. Ma Fujun

NON-EXECUTIVE DIRECTORS

Mr. Alhamedi Mnahi F Alanezi
 Professor Christian Feichtinger
 Mr. Nathan Earl Whigham

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Barbara Jane Ryan
 Mr. Boris Tadić
 Mr. Hung Ka Hai Clement
 (*resigned on 1 July 2025*)
 Mr. Juan de Dalmau-Mommertz
 Mr. Marwan Jassim Sulaiman Jassim Alsarkal
 Ms. Kwok Pui Ha
 (*appointed on 1 July 2025*)

AUDIT COMMITTEE

Mr. Hung Ka Hai Clement
 (*resigned on 1 July 2025*)
 Ms. Barbara Jane Ryan
 Mr. Marwan Jassim Sulaiman Jassim Alsarkal
 Ms. Kwok Pui Ha (*Chairperson*)
 (*appointed on 1 July 2025*)

NOMINATION COMMITTEE

H.E. Mohamed Ben Amor (*Chairman*)
 Ms. Barbara Jane Ryan
 Mr. Hung Ka Hai Clement
 (*resigned on 1 July 2025*)
 Mr. Juan de Dalmau-Mommertz
 Ms. Kwok Pui Ha
 (*appointed on 1 July 2025*)

REMUNERATION COMMITTEE

Ms. Barbara Jane Ryan (*Chairman*)
 Mr. Hung Ka Hai Clement
 (*resigned on 1 July 2025*)
 Mr. Juan de Dalmau-Mommertz
 Ms. Kwok Pui Ha
 (*appointed on 1 July 2025*)

AUTHORISED REPRESENTATIVES

H.E. Mohamed Ben Amor
 Ms. Cheng Ka Yan
 (*resigned on 5 July 2025*)
 Mr. Yu Chi Kit
 (*appointed on 5 July 2025*)

COMPANY SECRETARY

Ms. Cheng Ka Yan
 (*resigned on 5 July 2025*)
 Mr. Yu Chi Kit
 (*appointed on 5 July 2025*)

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 917–920, 9th Floor,
 One Island South,
 No. 2 Heung Yip Road,
 Wong Chuk Hang,
 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

AUDITOR

Baker Tilly Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
Level 8,
K11 ATELIER
King's Road
728 King's Road
Quarry Bay
Hong Kong

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

1725

STOCK NAME

USPACE Tech

COMPANY WEBSITE

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 2025 (the “**Review Period**”), together with the comparative figures for the six months ended 30 June 2024 as follows.

- Revenue from continuing operations of the Group for the Review Period was approximately RMB172.5 million, representing an increase of approximately 16.5% as compared with approximately RMB148.0 million for the corresponding period in 2024.
- Gross profit from continuing operations of the Group for the Review Period was approximately RMB36.2 million, representing an increase of approximately 129.1% as compared with approximately RMB15.8 million for the corresponding period in 2024.
- Loss attributable to equity holders of the Company from continuing and discontinued operations for the Review Period decreased by approximately 54.7% to approximately RMB32.4 million from approximately RMB71.6 million for the corresponding period in 2024.
- Loss for the Review Period decreased by approximately 43.8% to approximately RMB48.6 million from approximately RMB86.4 million for the corresponding period in 2024.
- Basic and diluted loss per share attributable to equity holders of the Company from continuing operations decreased to approximately RMB6.43 cents for the Review Period from approximately RMB21.44 cents for the corresponding period in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the first half of 2025, USPACE Technology Group Limited (the "**Company**" and together with its subsidiaries, the "**Group**") navigated a complex and changing global landscape marked by persistent inflationary pressures, currency volatility, and geopolitical uncertainty. Despite these challenges, the Group demonstrated resilience and strategic focus, delivering a notable improvement in financial performance compared to the same period last year.

Total revenue for the six-month period reached approximately RMB172.5 million, representing a year-on-year increase of 16.5%. This growth was primarily driven by the Electronics Manufacturing Services (the "**EMS**") segment, which saw strong demand for printed circuit board assemblies (the "**PCBAs**"), particularly from clients in the banking and finance sectors. Revenue from PCBAs rose by 21.5%, while assembled products remained stable. The Group also benefited from geographic diversification, with increased sales in Vietnam, India, and Hong Kong offsetting declines in China and Germany.

Gross profit surged to RMB36.2 million, more than doubling the RMB15.8 million recorded in the prior year period. This improvement was largely attributable to a strategic shift toward higher-margin customers and products, as well as disciplined cost control across the organization. Selling and distribution expenses declined by 18.0%, and general and administrative expenses were reduced by 12.4%, reflecting the Group's commitment to operational efficiency. Net finance costs also fell significantly, down by 35.2% to RMB5.8 million, due to lower interest-bearing liabilities and favourable financing arrangements.

The Group reported a loss attributable to equity holders of RMB32.4 million, a substantial reduction from the RMB71.6 million loss recorded in the first half of 2024. Total comprehensive loss narrowed to RMB48.6 million, down from RMB86.4 million, underscoring the effectiveness of the Group's turnaround efforts. Basic and diluted loss per share decreased to RMB6.43 cents, compared to RMB21.44 cents in the previous year.

The Group will continue to invest in its strategic pillars of artificial intelligence, precision manufacturing, and aerospace technology. These areas form the foundation of the Group's long-term growth strategy, enabling it to deliver intelligent algorithms, machine vision systems, micro-nano fabrication capabilities, and advanced satellite technologies.

Despite the progress made, the Group remains highly leveraged, with net current liabilities of RMB293.0 million and a gearing ratio of 330.9% as of 30 June 2025. Cash and cash equivalents stood at RMB26.7 million, slightly down from RMB28.7 million at year-end 2024. To support its liquidity needs, the Group has secured multiple funding sources, including interest-free loans from major shareholders, bond placements, equity subscriptions, and banking facilities. These measures are critical to sustaining operations and executing strategic initiatives.

While material uncertainty remains regarding the Group's ability to continue as a going concern, management is confident that its financing and operational plans will provide the necessary support. The Board remains committed to steering the Group through this transitional phase, with a clear focus on innovation, efficiency, and sustainable growth.

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	
	2025 RMB'000	2024 RMB'000
Continuing operations		
The PRC	58,762	92,898
India	23,309	12,522
Vietnam	33,711	9,601
South Korea	3,104	9,490
Germany	149	8,290
Hong Kong	26,653	7,066
Australia	10,454	3,340
The USA	7,351	3,148
Others	9,004	1,683
	172,499	148,038

Revenue by Product Type

During the Review Period, the Group's revenue from continuing operations was generated primarily through two principal product categories: PCBAs (Printed Circuit Board Assemblies) and fully assembled electronic products.

	Unaudited six months ended 30 June		
	2025 RMB'000	2024 RMB'000	Change %
Revenue by Product Type			
Printed circuit board assemblies	137,364	113,067	21.5%
Fully-assembled electronic products	35,135	34,971	0.5%
Total	172,499	148,038	16.5%

Revenue from PCBAs increased by 21.5% from approximately RMB113.1 million for the period ended 30 June 2024 to approximately RMB137.4 million during the Review Period, driven by a higher volume of orders associated with higher gross profit margins. These assemblies are utilized in electronic end-products across the banking and finance, telecommunications, and smart device industries. Notably, the banking and finance sector experienced an increase in demand, which resulted in growth in this segment.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group also recorded revenue growth from its fully assembled electronic products by 0.5% from approximately RMB35.0 million for the period ended 30 June 2024 to RMB35.1 million during the Review Period, which are predominantly manufactured in-house. These products include mobile phones, mobile point-of-sale (mPOS) devices, photovoltaic inverters, tablets, and streetlamp controllers, and are sold under the brands of the Group's customers or their ultimate clients.

Gross Profit

During the Review Period, the Group achieved a gross profit from continuing operations of approximately RMB36.2 million, marking a significant increase of 129.1% compared to the RMB15.8 million recorded for the period ended 30 June 2024. This growth reflects the Group's strategic shift toward a more disciplined approach to order management, with a deliberate focus on optimizing the order mix to reduce reliance on lower-margin sales.

Other Income

Other income for the Review Period amounted to approximately HK\$3.7 million (six months ended 30 June 2024: HK\$3.3 million). Other income from continuing operations of the Group for the Review Period mainly represented discretionary government grants received by the Group of approximately RMB1.6 million (six months ended 30 June 2024: approximately RMB0.7 million) and service income of approximately RMB0.8 million (six months ended 30 June 2024: RMB1.9 million).

Other Gains, Net

Other gains, net for the Review Period amounted to approximately HK\$4.2 million (six months ended 30 June 2024: HK\$2.5 million). During the Review Period, other gains from continuing operations mainly represented gains on exchange differences of approximately RMB4.5 million (six months ended 30 June 2024: approximately RMB2.8 million) offset by loss on disposal of properties, plant and equipment of approximately RMB0.2 million (six months ended 30 June 2024: RMB0.03 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 RMB6.1 million (six months ended 30 June 2024: approximately RMB7.4 million), representing a decrease of approximately 18.0% as compared to that for the corresponding period in 2024. The decrease in the selling and distribution expenses was mainly due to the significant decrease in selling and distribution 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 RMB80.7 million (six months ended 30 June 2024: approximately RMB92.1 million), representing a decrease of approximately 12.4% as compared to that for the corresponding period in 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

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 RMB5.6 million (six months ended 30 June 2024: approximately RMB8.9 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 RMB0.03 million for the Review Period (six months ended 30 June 2024: approximately RMB0.1 million). The decrease in income tax expenses is mainly due to less assessable profit generated by the Group during the Review Period.

Loss for the period

As a result of the factors discussed above, loss of the Company for the Review Period decreased by approximately 43.8% to approximately HK\$48.6 million (six months ended 30 June 2024: HK\$86.4 million).

LIQUIDITY AND CAPITAL RESOURCES

Net Current Liabilities

The Group had net current liabilities of approximately RMB293.0 million as at 30 June 2025 (31 December 2024: approximately RMB244.2 million). The current ratio of the Group was approximately 0.43 as at 30 June 2025 (31 December 2024: 0.48).

Borrowings, the Pledge of Assets and Restricted Cash

The bank and other borrowings of the Group amounted to approximately RMB112.1 million as at 30 June 2025 (31 December 2024: approximately RMB123.0 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 2024: 3.93%). As at 30 June 2025 and 31 December 2024, 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 2025, 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 2024, the bank deposits amounting to RMB10 million were pledged to banks for a performance bond provided for customer contract. As at 30 June 2025, 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 bank and other borrowings, bond payable and loans from related companies divided by total equity, was approximately 330.9% as of 30 June 2025 (31 December 2024: 195.9%).

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Structure

As at 30 June 2025, the Company's issued share capital was HK\$5,040,740 (31 December 2024: HK\$5,040,740) and the number of issued shares of the Company was 504,074,000 (31 December 2024: 504,074,000) 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 RMB1.5 million (six months ended 30 June 2024: approximately RMB26.2 million). The capital expenditure was related to the additions of furniture and fixtures, plant and machinery, and construction of manufacturing plant.

INTERIM DIVIDEND

The Board does not recommend payment of interim dividend for the Review Period (six months ended 30 June 2024: 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 2025, the Group had approximately 568 employees from continuing operations with a total remuneration of approximately RMB34.9 million during the Review Period (six months ended 30 June 2024: approximately RMB75.1 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 2025, the Group's capital commitment amounted to approximately RMB185.3 million (31 December 2024: approximately RMB185.3 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.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as of 30 June 2025 (31 December 2024: Nil).

EQUITY FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following equity fund raising activity in the 12-month period prior to the date of this report.

Date of relevant announcements	Fund raising activity	Intended use of proceeds	Approximate net proceeds	Actual use of proceeds as at the date of this report	Utilised approximate net proceeds as at the date of this report
18 October 2024 and 8 November 2024	Subscription of new Shares under the general mandate	General working capital	HK\$87.14 million	Fully utilised as intended	Nil
25 July 2025, 1 August 2025, 15 August 2025 and 27 August 2025	Subscription of new Shares under the general mandate	General working capital	HK\$64.5 million	Fully utilised as intended	Nil

Subscription of new Shares under general mandate

On 18 October 2024, the Company entered into two subscription agreements with two subscribers, namely Mr. Chen Lizhong ("**Mr. Chen**") and Mr. Liu Shoutang ("**Mr. Liu**"), pursuant to which the Company agreed to allot and issue, and Mr. Chen and Mr. Liu conditionally agreed to subscribe for an aggregate of 71,524,000 new ordinary shares at the subscription price of HK\$1.23 per Share (the "**October Subscription**"). Completion of the October Subscription took place on 8 November 2024. The total nominal value of the said new share was HK\$715,240. The closing price of the shares on which the subscription agreements for the October Subscription were signed was HK\$1.51 per Share. The net issue price of the October Subscription was HK\$1.22 per Share. For details of the October Subscription, please refer to the announcements of the Company dated 18 October 2024 and 8 November 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

On 25 July 2025, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with Ms. Ren Yue (the “**Ms. Ren**”), an individual investor, pursuant to which the Company has conditionally agreed to allot and issue, and Ms. Ren has conditionally agreed to subscribe for 100,000,000 new Shares (the “**Subscription Shares**”) under the general mandate at the subscription price of HK\$0.65 per Share (the “**Subscription**”). The Subscription Price of HK\$0.65 per Subscription Share represents: (i) a discount of approximately 18.75% to the closing price of HK\$0.80 per Share as quoted on the Stock Exchange on the date of the Subscription Agreement; and (ii) a discount of approximately 17.51% to the average of the closing prices per Share of HK\$0.788 as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Subscription Agreement. The aggregate nominal value of the Subscription Shares was HK\$1,000,000. Completion of the Subscription took place on 27 August 2025 in accordance with the Subscription Agreement. The net proceeds from the Subscription (after deduction of expenses of the Subscription) are approximately HK\$64.5 million. The Company has applied the net proceeds of the Subscription as follows: (i) approximately HK\$60.9 million or 94.4% for general working capital, including but not limited to payment of salaries (approximately HK\$35.3 million or 54.7%), rental expenses (approximately HK\$3.0 million or 4.7%), utilities (approximately HK\$3.0 million or 4.7%), legal and professional fees (approximately HK\$12.4 million or 19.2%), office overheads (approximately HK\$3.6 million or 5.6%) and other administrative expenses (approximately HK\$3.6 million or 5.6%); and (ii) approximately HK\$3.6 million or 5.6% for operating expenses of the Group’s aerospace business. Details of the Subscription are set out in the announcements of the Company dated 25 July 2025, 1 August 2025, 15 August 2025 and 27 August 2025 respectively.

The above-mentioned subscription shares were allotted and issued under the general mandate. The Directors consider that the October Subscription and the Subscription provided opportunities for the Company to raise capital and applied the net proceeds from the October Subscription and the Subscription for the general working capital of the Group including, but not limited to the ongoing administrative expenses of the Company and operating expenses of the Aerospace Business.

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 21 July 2025, the Company entered into the sale and purchase agreement (the “**Sale and Purchase Agreement**”) with Superb Ever Worldwide Limited (“**Superb Ever**”), pursuant to which the Company conditionally agrees to purchase and Superb Ever conditionally agrees to sell 9,800 Aspace shares (the “**Aspace Shares**”) (representing 49% of the issued share capital of Aspace Satellite Technology Limited) at the consideration of HK\$126,000,000, which shall be satisfied by way of (i) the issue of 26,000,000 consideration shares of the Group; and (ii) the issue of the convertible bonds in the principal amount of HK\$109,620,000 and convertible into 174,000,000 shares of the company to Superb Ever under specific mandate. Please refer to the Company’s announcement dated 21 July 2025 for the details.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

EVENTS AFTER THE REVIEW PERIOD

1. On 18 July 2025, all conditions precedent in relation to the disposal of the entire issued shares of Huizhou City Eternity Technology Company* (惠州市恒昌盛科技有限公司) (the “**Target Company**”) have been fulfilled and completion took place in accordance with the terms and conditions of the agreement. Upon completion, the Company ceased to hold any equity interest in the Target Company, the Target Company and its subsidiaries ceased to be subsidiaries of the Company and the financial results of the Target Company and its subsidiaries ceased to be consolidated into the Company's consolidated financial statements. Please refer to the announcements of the Company dated 22 November 2024 and 18 July 2025 for details.
2. On 21 July 2025, the Company entered into the Sale and Purchase Agreement with Superb Ever, pursuant to which the Company conditionally agrees to purchase and Superb Ever conditionally agrees to sell 9,800 Aspace Shares (representing 49% of the issued share capital of Aspace) at the consideration of HK\$126,000,000, which shall be satisfied by way of (i) the issue of 26,000,000 consideration shares; and (ii) the issue of the convertible bonds in the principal amount of HK\$109,620,000 and convertible into 174,000,000 shares of the Company to Superb Ever under specific mandate. Please refer to the announcement of the Company dated 21 July 2025 for details.
3. On 25 July 2025, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company has conditionally agreed to allot and issue, and the Subscriber has conditionally agreed to subscribe for 100,000,000 Subscription Shares. Completion of the Subscription took place on 27 August 2025. Please refer to the announcements of the Company dated 25 July 2025, 1 August 2025, 15 August 2025 and 27 August 2025 for details.

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 2025, 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 or chief executive	Nature of interest	Number of shares held/ interested ⁽¹⁾	Approximate percentage of shareholding (%)
Mr. Sun Fengquan (" Mr. Sun ")	Interest of a controlled corporation ⁽²⁾	98,929,553(L)	19.63

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 4.08% of the total number of the issued Shares, by Vision International Group Limited ("**Vision**") and 78,343,553 Shares, representing 15.54% 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 or chief executive	Name of associated corporation	Nature of interest	Number of shares interested ⁽¹⁾	Approximate percentage of shareholding (%)
Mr. Sun ⁽²⁾	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 2025, 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 2025, 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 ⁽¹⁾	Approximate percentage of shareholding (%)
HKATH (BVI)	Beneficial owner	78,343,553(L)	15.59
Vision	Beneficial owner; Interest of a controlled corporation ⁽²⁾	98,929,553(L)	19.63
Chen Lizhong	Beneficial owner	35,762,000(L)	7.09
Liu Shoutang	Beneficial owner	35,762,000(L)	7.09
Ren Ran	Beneficial owner	31,800,000(L)	6.31

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.

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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

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 2025 was 30,000,000, representing 10% of the issued share capital of the Company as at the listing date and approximately 5.95% of the issued share capital of the Company as of 1 January 2025 and 30 June 2025. 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.

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, Ms. Kwok Pui Ha (Chairperson), Mr. Marwan Jassim Sulaiman Jassim Alsarkal and Ms. Barbara Jane Ryan.

The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2025 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 2025, the Remuneration Committee comprises three independent non-executive Directors, namely Ms. Barbara Jane Ryan (Chairperson), Ms. Kwok Pui Ha 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 (revised on 30 June 2025) 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 2025, the Nomination Committee comprises one executive Director, namely H.E. Mohamed Ben Amor (chairman), and three independent non-executive Directors, namely Ms. Barbara Jane Ryan, Ms. Kwok Pui Ha and Mr. Juan de Dalmau-Mommertz.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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.

CHANGE OF DIRECTORS

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

With effect from 1 July 2025, Ms. Kwok Pui Ha has been appointed as an independent non-executive Director and Mr. Hung Ka Hai Clement has resigned from his office of independent non-executive Director.

CHANGE IN INFORMATION OF DIRECTOR

Ms. Kwok Pui Ha had been appointed as independent non-executive Director of MTT Group Holdings Limited (Stock Code: 2350) with effect from 15 August 2025. Except as disclosed above, based on the publicly available information and to the best of the Directors' knowledge, 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 2024 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
Mohamed Ben Amor
Chairman and Executive Director

Hong Kong
29 August 2025

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2025

		Unaudited Six months ended 30 June	
	Notes	2025 RMB'000	2024 RMB'000
Continuing operations			
Revenue	6	172,499	148,038
Cost of sales	7	(136,305)	(132,241)
Gross profit		36,194	15,797
Other income	8	3,669	3,313
Other gains, net	9	4,244	2,538
Selling and distribution expenses		(6,091)	(7,430)
General and administrative expenses		(80,670)	(92,108)
(Provision for)/reversal of impairment on financial assets	7	(315)	1,707
Operating loss		(42,969)	(76,183)
Finance income		270	120
Finance costs		(5,829)	(8,994)
Finance costs, net		(5,559)	(8,874)
Loss before income tax		(48,528)	(85,057)
Income tax expense	10	(25)	(149)
Loss from continuing operations		(48,553)	(85,206)
Loss from discontinued operation	20	–	(1,192)
Loss for the period		(48,553)	(86,398)
Loss for the period attributable to:			
Equity holders of the Company		(32,421)	(71,637)
Non-controlling interest		(16,132)	(14,761)
		(48,553)	(86,398)
Loss attributable to equity holders of the Company arises from:			
Continuing operations		(32,421)	(70,445)
Discontinued operation	20	–	(1,192)
		(32,421)	(71,637)

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 2025

	Note	Unaudited Six months ended 30 June	
		2025 RMB'000	2024 RMB'000
Loss for the period		(48,553)	(86,398)
Other comprehensive (loss)/income:			
<i>Item that will not be reclassified to profit or loss</i>			
Currency translation differences		(6,897)	3,368
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		5,064	(2,341)
Total comprehensive loss for the period		(50,386)	(85,371)
Total comprehensive loss for the period attributable to:			
Equity holders of the Company		(35,535)	(70,610)
Non-controlling interest		(14,851)	(14,761)
		(50,386)	(85,371)
Total comprehensive loss for the period attributable to equity holders of the Company arises from:			
Continuing operations		(35,535)	(69,418)
Discontinued operation		–	(1,192)
		(35,535)	(70,610)
Loss per share attributable to equity holders of the Company arises from continuing operations			
Basic and diluted	11	RMB(6.43) cents	RMB(21.44) cents
Loss per share attributable to equity holders of the Company			
Basic and diluted	11	RMB(6.43) cents	RMB(21.80) 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 2025

	Note	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Assets			
Non-current assets			
Properties, plant and equipment	13	295,745	316,744
Right-of-use assets	13	94,292	113,590
Intangible assets	14	3,616	4,143
Prepayments and deposits	15	47,047	48,350
Deferred tax assets		2,849	2,849
		443,549	485,676
Current assets			
Inventories	16	25,683	31,191
Trade and bills receivables	17	96,856	91,272
Prepayments, deposits and other receivables	15	70,427	77,223
Amount due from a related company	23	18	18
Current income tax recoverable		105	105
Cash and cash equivalents		26,655	28,719
		219,744	228,528
Assets classified as held for sale	21	132,808	130,965
		352,552	359,493
Total assets		796,101	845,169
Equity			
Equity attributable to equity holders of the Company			
Share capital		4,488	4,488
Share premium		533,376	533,376
Accumulated losses		(534,193)	(501,317)
Reserves		135,641	138,300
		139,312	174,847
Non-controlling interest		(53,482)	(38,631)
Total equity		85,830	136,216

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2025

	Note	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Liabilities			
Non-current liabilities			
Deferred government grants		5,155	6,496
Lease liabilities		77,357	95,226
Provision for reinstatement cost	19	22,421	23,022
Bank and other borrowings		40,325	62,208
Deferred tax liabilities		818	818
		146,076	187,770
Current liabilities			
Trade payables	18	54,984	61,763
Other payables and accruals	19	125,293	108,065
Contract liabilities	19	20,715	20,473
Lease liabilities		61,487	70,829
Bank and other borrowings		71,740	60,825
Bonds payable		15,849	16,274
Loan from related companies	23	156,128	127,582
Current income tax liabilities		6,588	6,912
		512,784	472,723
Liabilities directly associated with assets classified as held for sale	21	51,411	48,460
		564,195	521,183
Total liabilities		710,271	708,953
Total equity and liabilities		796,101	845,169

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 2025

	Unaudited Attributable to equity holders of the Company									Total RMB'000
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (Note a)	Share- based payment reserve RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non- controlling interest RMB'000	
Balance at 1 January 2025	4,488	533,376	9,894	-	117,952	10,454	(501,317)	174,847	(38,631)	136,216
Comprehensive loss:										
Loss for the period	-	-	-	-	-	-	(32,421)	(32,421)	(16,132)	(48,553)
Other comprehensive income/ (loss)										
Currency translation differences	-	-	-	-	-	(6,897)	-	(6,897)	-	(6,897)
Exchange differences on translation of foreign operations	-	-	-	-	-	3,783	-	3,783	1,281	5,064
Total comprehensive income/ (loss)	-	-	-	-	-	(3,114)	(32,421)	(35,535)	(14,851)	(50,386)
Transaction with owners										
Appropriation	-	-	455	-	-	-	(455)	-	-	-
Balance at 30 June 2025	4,488	533,376	10,349	-	117,952	7,340	(534,193)	139,312	(53,482)	85,830

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Unaudited Attributable to equity holders of the Company							Non-controlling interest		Total
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000 (Note a)	Share-based payment reserve RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	2,751	326,330	13,971	13,501	117,952	7,213	(307,389)	174,329	29,048	203,377
Comprehensive loss:										
Loss for the period	-	-	-	-	-	-	(71,637)	(71,637)	(14,761)	(86,398)
Other comprehensive income/(loss)										
Currency translation differences	-	-	-	-	-	3,368	-	3,368	-	3,368
Exchange differences on translation of foreign operations	-	-	-	-	-	(2,341)	-	(2,341)	-	(2,341)
Total comprehensive income/(loss)	-	-	-	-	-	1,027	(71,637)	(70,610)	(14,761)	(85,371)
Transaction with owners										
Issuance of ordinary shares upon conversion of Convertible Notes	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)	-	-	-
Total transaction with owners	687	92,206	752	(4,495)	-	-	(752)	88,398	-	88,398
Balance at 30 June 2024	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 2025

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 2025

	Unaudited six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Cash flows from operating activities		
Cash used in operations	(25,430)	(15,877)
Income tax refunded	–	70
Interest received	270	123
Net cash used in operating activities	(25,160)	(15,684)
Cash flows from investing activities		
Purchase of properties, plant and equipment	(1,454)	(23,532)
Purchase of financial assets at fair value through profit or loss	–	(2)
Proceeds from disposal of property, plant and equipment	54	–
Net cash used in investing activities	(1,400)	(23,534)
Cash flows from financing activities		
Proceeds from bank borrowings	29,060	20,000
Repayments of bank borrowings	(33,697)	(34,773)
Interest paid	(5,800)	(9,361)
Payments of principal element of lease liabilities	(567)	(5,903)
Repayments to a related party	–	(120)
Proceeds from loan from related companies	22,318	71,837
Repayments of loan from related companies	(1,100)	(126,168)
Proceed from issuance of shares	–	89,913
Net cash generated from financing activities	10,214	5,425
Decrease in cash and cash equivalents	(16,346)	(33,793)
Cash and cash equivalents at beginning of the period	28,719	70,225
Currency translation differences	8,111	6,558
Cash and cash equivalents included in asset held for sale	6,171	(11,615)
Cash and cash equivalents at end of the period	26,655	31,375

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 29 August 2025.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (**"HKICPA"**) as well as the applicable disclosure requirements of 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 2024, 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)

Basis of preparation — use of going concern basis

The Group recorded a net loss of RMB48,553,000 for the six-month period ended 30 June 2025. As at 30 June 2025, the Group's current liabilities exceeded its current assets by RMB293,040,000 while the Group's cash and cash equivalents amounted to RMB26,655,000.

In addition, the Group had received writs of summons during the year ended 31 December 2024 in respect of alleged breaches of tenancy agreements for a total amount of approximately HK\$104.6 million (equivalent to approximately RMB96.2 million) for the premises located in Hong Kong. Furthermore, the Group has entered into (1) a number of fitting-out contracts and procurement and installation contracts for the setting up of the Aerospace Business in Hong Kong and (2) procurement contracts for satellites. As at 30 June 2025, the Group's capital expenditures commitment expected to be payable within the next twelve months amounted to approximately RMB40.3 million.

The Group will need to secure a substantial amount of funding in the near future to finance its financial obligations and capital expenditures. These facts and circumstances indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the Directors have given careful consideration of 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 had prepared a forecast covering a period of not less than twelve months from 29 August 2025 taking into account of the followings:

- (i) On 17 March 2025, the Group obtained a letter of undertaking (the "**Undertaking Letter**") from Mr. Sun Fengquan ("**Mr. Sun**", a substantial shareholder and chief executive officer of the Company), pursuant to which Mr. Sun has irrevocably undertaken to provide the Group with an unsecured and interest-free revolving loan when necessary to meet the Group's future financial obligation. The Undertaking Letter is valid and subsisting up to 31 August 2026 and any loan drawn thereunder shall be repayable on 31 August 2026;
- (ii) On 17 March 2025, the Group entered into a loan agreement with Vision International Group Limited ("**Vision**"), a company wholly owned by Mr. Sun, pursuant to which Vision has agreed to provide the Company unsecured and interest-free loan facility of HK\$200.0 million (approximately RMB187.9 million) ("**Vision Facility**"). The Vision facility is valid and subsisting up to 31 August 2026. Up to the date of this report, the Group drew a total of approximately RMB134.0 million from the Vision facility;
- (iii) On 17 March 2025, 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 an unsecured and interest-free loan facility of HK\$100.0 million (approximately RMB94.0 million) ("**HKATH (BVI) Facility**"). The HKATH (BVI) facility is valid and subsisting up to 31 August 2026. Up to the date of this report, the Group drew a total of approximately RMB28.1 million from the HKATH (BVI) facility;

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 BASIS OF PREPARATION (Continued)

Basis of preparation — use of going concern basis (Continued)

- (iv) 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**”). The Group entered into supplemental agreements with the Lender to extend the repayment date of the Loans to 7 March 2026. As at 30 June 2025, the Loans amounted to approximately RMB59.4 million;

- (v) On 4 November 2024, the Company entered into a placing agreement with a placing agent. Pursuant to the placing agreement, the Company agreed to appoint the placing agent and the placing agent agreed to arrange, on a best effort basis, the places to subscribe for the one-year 10% per annum fixed coupon unsecured unsubordinated and unlisted bonds to be issued in tranches by the Company in an aggregate principal amount of up to HK\$100.0 million. As at 30 June 2025, the Company successfully raised HK\$19.0 million (approximately RMB17.9 million) in principal from the bondholders;

- (vi) On 25 July 2025, the Company entered into a subscription agreement (the “**Subscription Agreement**”) with Ms. Ren Yue (the “**Subscriber**”), to which the Company has conditionally agreed to allot and issue, and the subscriber has conditionally agreed to subscribe for 100,000,000 subscription shares (the “**Subscription Shares**”). Completion of the Subscription took place on 27 August 2025. The gross proceeds from the subscription is approximately HK\$65 million and the net proceeds is approximately HK\$64.5 million (after deduction of the expenses of the Subscription), which represents the net issue price of approximately HK\$0.645 per Subscription Share. The Company will apply the net proceeds for the general working capital of the Group, including but not limited to the ongoing administrative expenses of the Company, such as salaries, rent, utilities, and operating expenses of the Group’s aerospace business;

- (vii) In August and December 2024, the Group obtained banking facilities totalling RMB58.0 million from two banks in Mainland China to support the general working capital of the EMS Business. As at 30 June 2025, the amount undrawn under these facilities totalled approximately RMB20.0 million;

- (viii) The Group will substantially improve its cash flow position by reducing its net operating cash outflows from operations 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 Group will make a more effective use of its resources and minimise its operating costs and expenses;

- (ix) The Group is in negotiation with other existing lenders in respect of renewal of existing borrowings as well as certain potential lenders in respect of new borrowings; and

- (x) The Group is in negotiation with certain potential investors for raising new capital by the way of issuing new equity and/or debt securities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 BASIS OF PREPARATION (Continued)

Basis of preparation — use of going concern basis (Continued)

Notwithstanding the above, a material uncertainty exists as to whether the Group is able to successfully implement its plans and measures as described above. Whether the Group will be able to continue as a going concern depends upon the Group's ability to generate adequate net cash inflows through:

- (a) Successfully obtaining adequate funding, as and when needed, from Mr. Sun as mentioned in Note (i) above;
- (b) Successfully sustaining the commitment from Vision and HKATH (BVI) that they would not seek for repayment of the loans due to them by the Group unless and until the Group is in a position to repay as mentioned in Notes (ii) and (iii) above; and
- (c) Successfully obtaining adequate funding through existing financing arrangements or new borrowings, renewing existing borrowings, and the issuance of new equity and/or debt securities as mentioned in Notes (v), (vii), (ix) and (x) above.

The Directors reviewed the Group's cash flow projections, which cover a period of not less than twelve months from 29 August 2025. In the opinion of the Directors, assuming the successful and timely implementation of the above plans and measures, including, but not limited to, the successful renewal of (i) the Undertaking Letter; (ii) the Vision Facility; and (iii) the HKATH (BVI) Facility on their respective maturity dates, i.e. 31 August 2026, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 29 August 2025. Accordingly, the Directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group fail to achieve the above plans and measures, it might not be able to continue as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

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 2024, 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

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatory effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's interim financial information:

Amendments to HKAS 21

Lack of Exchangeability

The Group expected that the adoption of the above HKFRS Accounting Standard in the current interim period 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 2024.

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 2024. 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 changes in level 3 financial instruments for the six months period ended 30 June 2025 and 2024:

	Unlisted equity securities Unaudited six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Balance at 1 January	—	917
Additions	—	2
Balance at 30 June	—	919

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 2025 and 31 December 2024.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 2025, 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.

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 RMB'000	Aerospace Business RMB'000	Total RMB'000
For the six months ended 30 June 2025			
(unaudited)			
Continuing operations			
Segment revenue	172,499	–	172,499
Segment cost of sales	(136,305)	–	(136,305)
Segment gross profit	36,194	–	36,194
Other segment information:			
Depreciation of properties, plant and equipment	2,318	12,916	15,234
Depreciation of right-of-use assets	392	16,251	16,643
Amortisation of intangible assets	448	–	448
For the six months ended 30 June 2024			
(unaudited)			
Continuing operations			
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

* 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
As at 30 June 2025 (unaudited)			
Continuing operations			
Segment assets	382,632	410,515	793,147
Segment liabilities	232,565	470,300	702,865
As at 31 December 2024 (audited)			
Continuing operations			
Segment assets	387,331	454,884	842,215
Segment liabilities	240,067	461,156	701,223

Reportable segment assets are reconciled to total assets as follows:

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Segment assets	793,147	842,215
Current income tax recoverable	105	105
Deferred tax assets	2,849	2,849
Total assets	796,101	845,169

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (Continued)

(b) Segment assets and liabilities (Continued)

Reportable segment liabilities are reconciled to total liabilities as follows:

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Segment liabilities	702,865	701,223
Current income tax liabilities	6,588	6,912
Deferred tax liabilities	818	818
Total liabilities	710,271	708,953

(c) Disaggregation of revenue from contracts with customers

	Unaudited six months ended 30 June 2025 RMB'000	2024 RMB'000
Continuing operations		
Timing of revenue recognition:		
At a point in time — sales of goods	172,499	148,038

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (Continued)

(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	
	2025 RMB'000	2024 RMB'000
Continuing operations		
The People's Republic of China (the "PRC" or "China")	58,762	92,898
India	23,309	12,522
Vietnam	33,711	9,601
South Korea	3,104	9,490
Hong Kong	26,653	7,066
Australia	10,454	3,340
The United States of America (the "USA")	7,351	3,148
Germany	149	8,290
Others	9,006	1,683
	172,499	148,038

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 2025 and 31 December 2024 are located in the following regions:

	30 June 2025 RMB'000	31 December 2024 RMB'000
The PRC	343,218	393,693
Hong Kong	80,486	63,987
Germany	7	8
	423,711	457,688

(f) Major customers

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

	Unaudited six months ended 30 June 2025 RMB'000	2024 RMB'000
Customer A	26,273	29,268
Customer B	23,309	10,397
Customer C	22,867	18,226

The five largest customers accounted for approximately 52.3% (six months ended 30 June 2024: 52.8%) of revenue from continuing operations for the Review Period.

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	
	2025 RMB'000	2024 RMB'000
Continuing operations		
Cost of inventories recognised as expenses	136,305	132,241
Employee benefit expenses and manpower service expenses, including Directors' emoluments	34,922	75,113
Rental expenses of short-term leases in respect of machinery and properties	5,247	6,449
Amortisation on intangible assets	448	530
Depreciation of properties, plant and equipment	15,234	10,203
Depreciation of right-of-use assets	16,643	16,838
Provision for inventories	—	624
Auditor's remuneration		
— Audit services	930	930
— Non-audit services	110	110
Provision for/(reversal of) impairment on financial assets	315	(1,707)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 OTHER INCOME

	Unaudited Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Continuing operations		
Government grants	1,600	686
Service income	776	1,887
Sundry income	1,293	740
	3,669	3,313

9 OTHER GAINS, NET

	Unaudited Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Continuing operations		
Exchange differences	4,459	2,835
Loss on disposal of properties, plant and equipment	(183)	(30)
Others	(32)	(267)
	4,244	2,538

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 2025 and 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 2025 and 2024, 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 2025 and 2024, other Group's entities in the PRC were subject to the PRC corporate income tax ("CIT") at the tax rate of 25%.

	Unaudited Six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Continuing operations		
Current income tax		
— The PRC CIT	25	149
Total current income tax	25	149
Income tax expense	25	149

* For identification purpose only

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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 arises from continuing operations of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2025 and 2024.

	Unaudited Six months ended 30 June	
	2025	2024
Loss attributable to equity holders of the Company (RMB'000)	(32,421)	(71,637)
Add: Loss attributable to equity holders of the Company arises from discontinued operation (RMB'000)	–	1,192
	(32,421)	(70,445)
Weighted average number of ordinary shares in issue (thousands of shares)	504,074	328,602
Basic and diluted loss per share (RMB cents)	(6.43)	(21.44)

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 2025 and 2024.

	Unaudited Six months ended 30 June	
	2025	2024
Loss attributable to equity holders of the Company (RMB'000)	(32,421)	(71,637)
Weighted average number of ordinary shares in issue (thousands of shares)	504,074	328,602
Basic and diluted loss per share (RMB cents)	(6.43)	(21.80)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 LOSS PER SHARE (Continued)

From discontinued operation

Basic loss per share attributable to equity holders of the Company arises from the discontinued operation is approximately RMB Nil (for the six months period ended 30 June 2024: profit per share of approximately RMB0.36 cents) per share, based on loss for the period from discontinued operation of approximately RMB Nil (for the six months period ended 30 June 2024: loss for the period of approximately RMB1.2 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 2025 and 2024.

12 DIVIDEND

No dividend has been paid or declared by the Company during the six months ended 30 June 2025 and 2024.

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
As at 1 January 2025 (audited)			
Cost	375,054	200,926	575,980
Accumulated depreciation	(58,310)	(87,336)	(145,646)
Net book amount	316,744	113,590	430,334
Six months ended 30 June 2025 (unaudited)			
Opening net book amount	316,744	113,590	430,334
Additions	1,454	–	1,454
Depreciation	(15,234)	(16,643)	(31,877)
Disposals	(237)	–	(237)
Exchange difference	(6,982)	(2,655)	(9,637)
Closing net book amount	295,745	94,292	390,037
As at 30 June 2025 (unaudited)			
Cost	364,200	195,844	560,044
Accumulated depreciation	(68,455)	(101,552)	(170,007)
Net book amount	295,745	94,292	390,037
As at 1 January 2024 (audited)			
Cost	595,416	236,996	832,412
Accumulated depreciation	(74,957)	(63,519)	(138,476)
Net book amount	520,459	173,477	693,936
Six months ended 30 June 2024 (unaudited)			
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
As at 30 June 2024 (unaudited)			
Cost	584,282	226,991	811,273
Accumulated depreciation	(47,995)	(72,593)	(120,588)
Net book amount	536,287	154,398	690,685

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

As at 30 June 2025 and 31 December 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.

14 INTANGIBLE ASSETS

No intangible assets were acquired during the Review Period.

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Current portion		
Prepayments	45,267	43,348
Deposits (Note a)	2,896	2,509
Value-added tax receivables	14,721	20,473
Other receivables (Notes a and b)	7,543	10,893
	70,427	77,223
Non-current portion		
Prepayments for the acquisition of properties, plant and equipment and intangible assets	30,512	31,375
Deposits (Note a)	16,535	16,975
	47,047	48,350
	117,474	125,573

Notes:

- (a) As at 30 June 2025 and 31 December 2024 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 2025, the cost of inventories recognised as expense and included in cost of sales from continuing operations amounted to approximately RMB136,305,000 (30 June 2024: RMB130,975,000), which included provision for inventories amounting to approximately RMB Nil (30 June 2024: provision for inventories amounting to approximately RMB624,000).

17 TRADE AND BILLS RECEIVABLES

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Trade receivables	104,029	98,635
Bills receivables	517	12
Less: provision for impairment of trade and bills receivables	(7,690)	(7,375)
Trade and bills receivables	96,856	91,272

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

As at 30 June 2025 and 31 December 2024, the aging analysis of trade and bills receivables, based on invoice date, was as follows:

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Within 3 months	82,675	87,800
Over 3 months	21,871	10,847
Less: provision for impairment of trade and bills receivables	104,546 (7,690)	98,647 (7,375)
	96,856	91,272

As at 30 June 2025 and 31 December 2024, the carrying amounts of trade and bills receivables approximated their fair values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 TRADE PAYABLES

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Trade payables	54,984	61,763

As at 30 June 2025 and 31 December 2024, the aging analysis of trade payables, based on invoice date, was as follows:

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Within 3 months	50,460	57,936
Over 3 months	4,524	3,827
	54,984	61,763

As at 30 June 2025 and 31 December 2024, the carrying amounts of trade payables approximated their fair values.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 PROVISION FOR REINSTATEMENT COST, CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Current portion		
Accrued salaries and bonus	34,673	32,368
Accrued expenses	9,559	6,876
Interest payable	2,842	5,969
Other tax payables	1,252	4,895
Other payables	40,935	20,867
Payables for construction works	25,227	25,902
Provision on litigation case	10,805	11,188
Other payables and accruals	125,293	108,065
Contract liabilities	20,715	20,473
Non-current portion		
Provision for reinstatement cost	22,421	23,022

As at 30 June 2025 and 31 December 2024, 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

20 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"**). Completion took place on 29 October 2024 in accordance with the terms and conditions of the Agreement.

21 DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 22 November 2024, the Group entered into an agreement with a third party for the disposal of its entire equity interest in Huizhou City Eternity Technology Company (the **"Target Company"**), an indirect wholly-owned subsidiary of the Company, at a consideration of RMB27,100,000. The principal asset of the Target Company comprises a parcel of land and a building located in the PRC. As of 31 December 2024, the completion of the disposal subject to various conditions specified in the agreement and is expected to take place within twelve months. The assets and liabilities of the Target Company were reclassified as a disposal group held for sale and presented separately in the consolidated statement of financial position as at 31 December 2024 and 30 June 2025. Completion took place on 18 July 2025 in accordance with the terms and conditions of the Agreement.

22 CAPITAL COMMITMENTS

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

	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Contracted but not provided for: Properties, plant and equipment	186,299	185,314

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 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.

Save as disclosed elsewhere, major related parties that had transactions with the Group during the six months ended 30 June 2025 and 2024 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

* For identification purpose only

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

23 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties

Save as disclosed elsewhere in the interim financial information, during the six months ended 30 June 2025 and 2024, 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	
	2025 RMB'000	2024 RMB'000
Shenzhen Qianhai Yufa Technology Company Limited* (深圳市前海宇發科技有限公司) (Note)	461	461

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

	Unaudited six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Christian Feichtinger (Note)	168	168
Fabio Favata (Note)	168	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

23 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	
	2025 RMB'000	2024 RMB'000
Wages and salaries	3,120	12,630
Pension costs — defined contribution plan	9	65
	3,129	12,695

(c) Balances arising from related party transactions

	Note	Unaudited 30 June 2025 RMB'000	Audited 31 December 2024 RMB'000
Amount due from Rich Blessing Group Limited	(i)	18	18
Loan from the HKATH (BVI)	(i)	25,712	26,567
Loan from the Vision	(i)	130,416	101,015
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