



CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED

中國航天國際控股有限公司

(Stock Code: 31)

2025

Annual Report



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BOARD OF DIRECTORS

Executive Directors

Mr Wang Hui (*Chairman*)
Mr Song Shuqing (*President*)

Non-Executive Directors

Mr Teng Fangqian
Mr Peng Jianguo
Mr Liu Yong (*appointed on 14 February 2025*)
Mr Hua Chongzhi (*resigned on 14 February 2025*)

Independent Non-Executive Directors

Mr Luo Zhenbang
Ms Chen Jingru
Ms Xue Lan

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr Wang Hui (*Chairman*)
Mr Luo Zhenbang
Ms Chen Jingru
Ms Xue Lan
Mr Teng Fangqian

ENVIRONMENT, SOCIAL & GOVERNANCE COMMITTEE

Mr Wang Hui (*Chairman*)
Mr Luo Zhenbang
Mr Liu Yong (*appointed on 14 February 2025*)
Mr Hua Chongzhi (*resigned on 14 February 2025*)

COMPANY SECRETARY

Mr Luo Yuxin (*appointed on 16 July 2025*)
Ms Wong Cho Ching (*resigned on 16 July 2025*)

REGISTERED OFFICE

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SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

AUDITOR

PKF Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL COUNSEL

ONC Lawyers

PRINCIPAL BANKS & FINANCIAL INSTITUTIONS

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

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

Dear Shareholders,

On behalf of the Board, I hereby present the annual report of China Aerospace International Holdings Limited (the "Company" or "CASIL") for the year ended 31 December 2025.

RESULTS

In 2025, the Company recorded a revenue of HK\$4,031,329,000, representing an increase of 4.94% as compared to HK\$3,841,472,000 in 2024. The net loss for the year was HK\$282,704,000, representing an increase of 237.14% compared to the net loss of HK\$83,853,000 in 2024. The increase in loss was primarily attributable to the continued downturn in the property market in mainland China, which led to a significant decrease in the fair value of investment properties of the Company, including Shenzhen Aerospace Science & Technology Plaza.

The loss attributable to owners of the Company for the year was HK\$165,529,000, representing an increase of 210.52% as compared to the loss attributable to owners of HK\$53,307,000 in 2024. Basic loss per share attributable to owners of the Company was HK5.37 cents (2024: basic loss per share of HK1.73 cents).

Taking into account the funding requirements for the future development of the Company, the Board has resolved not to recommend the payment of a final dividend for 2025 (2024 final dividend: nil).

BUSINESS REVIEW

In 2025, global geopolitical tensions continued to escalate, and unilateral protectionism intensified. Policy shifts toward inward-looking strategies by major economies impacted the multilateral economic and trade order, accelerating the regionalization and bloc-based adjustment of supply chains. Uncertainty in global economic operations rose significantly. Meanwhile, the recovery of global aggregate demand remained weak, market competition intensified, and multiple pressures — including rising tariffs, fluctuations in raw material and energy prices, and disruptions in cross-border logistics — led to higher operating costs and shrinking profit margins. The world economy faced clear downside risks amidst a fragile recovery.

In the face of a complex global political and economic landscape, the Board and management anchored the Company's development direction. We led all employees to unite and respond proactively, seizing opportunities amidst changes, deepening market research and forward-looking layouts, and consolidating cooperation with strategic customers while exploring emerging markets to mitigate industry competition risks through diversification. Simultaneously, closely following market dynamics and order trends, we continuously iterated our business architecture and product matrix, accelerated breakthroughs in key technical bottlenecks, and promoted lean management and cost reduction.

In 2025, the decline in the fair value of investment properties such as the Shenzhen Aerospace Science & Technology Plaza resulted in a significant loss for the Company. It should be noted that this fair value decrease is a non-cash loss and does not affect the Company's operating cash flows. While the profit of the hi-tech manufacturing business trended downward due to the initial operating costs of new production lines, other core businesses maintained steady operations. Overall revenue from the hi-tech manufacturing sector achieved growth, successfully meeting major annual operating targets and marking a smooth conclusion to the "14th Five-Year Plan".

The Company's hi-tech manufacturing enterprises focused on optimizing global layout and capacity upgrades, leveraging the regional advantages of the Guangdong-Hong Kong-Macao Greater Bay Area ("GBA") and the Yangtze River Delta. Chee Yuen Electronic Technology (Vietnam) Co., Ltd.* (志源電子科技(越南)有限公司) successfully met the overseas expansion needs of domestic enterprises in its injection molding business and achieved full production capacity. The integrated circuit (IC) packaging carrier board project of Nantong Hong Yuen Circuit Technology Co., Limited* (南通康源電路科技有限公司) completed civil construction and fully entered the operational and market expansion stage. The Intelligent Power Module (IPM) packaging business commenced mass production, with related products already deployed by multiple terminal manufacturers. The Company also optimized its customer structure, focusing on high-compatibility strategic customers and expanding application scenarios in emerging fields such as the low-altitude economy, industrial medical, smart equipment, and new energy storage. Through cost control and financial risk prevention measures, the Company strengthened the anti-cyclical capabilities of its core businesses and promoted the upgrade of its production and operation systems.

Chairman's Statement

With localization substitution and technical differentiation as its core, the Company accelerated original technology research and production capacity building. Responding to the industry trend of shortened lifecycles for electronic components, we established an agile R&D system and conducted customized technical development for emerging scenarios, forming product solutions adaptable to multi-field requirements. Key breakthroughs were made in the core processes of IC packaging carrier boards, and progress was achieved in technical fields such as 5G millimeter-wave filters, solidifying the foundation for independent and controllable technology. By deepening industrial chain synergy, we promoted the efficient integration of R&D results and capacity construction, cultivating "New Quality Productive Forces" through technological innovation to build core competencies for high-end transformation and international competition.

Faced with the severe situation of continuous supply increases and oversupply in the office market of Shenzhen Houhai headquarters, Science and Technology Park, and other districts in Shenzhen, Shenzhen Aerospace Technology Investment Company Limited* (深圳市航天高科投资管理有限公司) responded actively to market changes. Through measures such as strengthening external customer acquisition synergy, innovating cooperative operation models, flexibly adjusting lease terms, and deepening relationships with existing tenants, it promoted a steady recovery in the operation of the Shenzhen Aerospace Science & Technology Plaza, stabilizing the fundamental business and laying a solid foundation for subsequent operational quality and efficiency.

In 2025, the Company continued to strengthen its management foundation, achieving significant results in human resources, finance, and risk control. We optimized the construction of talent echelons and incentive-constraint mechanisms, strengthened the cultivation and introduction of key positions, and effectively enhanced team professional capability and cohesion. We deepened the integration of finance and business, strengthened budget control and fund coordination, optimized resource allocation efficiency, and improved the level of refined financial management. We also refined the internal control and compliance system, strengthened major risk warnings and inspections, standardized procurement and supply chain management, and fortified the lines of defense for production safety and information security, providing a solid guarantee for the Company's high-quality development through a robust governance structure.

PROSPECTS

2026 marks the commencement of the "15th Five-Year Plan" and is a crucial year for the Company to accelerate industrial transformation and development. We will closely align with the national requirements for building a manufacturing capacity, strengthen strategic planning research, accurately grasp industry trends and market opportunities, and steadily advance various annual development goals. Facing the complex and volatile global economic environment and intensifying market competition, we will rely on the regional advantages of the GBA and the Yangtze River Delta, seize opportunities arising from localization substitution policies and market trends, optimize industrial layout, and further drive the transformation of products toward high-value-added fields. Simultaneously, we will accelerate original technological innovation, respond agilely to market and user needs, drive industrial innovation through technological innovation, cultivate "New Quality Productive Forces", and build differentiated competitive advantages.

Looking ahead, the Company will adhere to the principle of seeking progress while maintaining stability and enhancing quality and efficiency. With high-quality development as the theme, we will focus on the development directions of "Digitalization, Internationalization, and Green Development", continue to deepen reforms and resource allocation optimization, and strive to achieve a robust start for the "15th Five-Year Plan".

APPRECIATION

Mr Hua Chongzhi resigned as a Non-Executive Director and from other related positions of the Company due to retirement on 14 February 2025, with Mr Liu Yong assuming his responsibilities. On behalf of the Board, I would like to express our highest respect and heartfelt gratitude to Mr Hua Chongzhi for his dedication and outstanding contributions to the Company during his tenure and warmly welcome Mr Liu Yong to the Board.

I would like to take this opportunity to express my most sincere gratitude to our shareholders, clients and partners, and my heartfelt thanks to all employees for their unremitting efforts and outstanding contributions over the past year. In the future, I will continue to lead the Board, uphold our corporate responsibilities and long-term goals, unite all levels of the Company, move forward steadily, reward shareholders with better performance, build a broader development platform for employees, and continue to create value for all stakeholders.

By order of the Board

Wang Hui

Chairman and Executive Director

Hong Kong, 26 March 2026

Management Discussion and Analysis

RESULTS PERFORMANCE

In 2025, the revenue of the Company and the subsidiaries amounted to HK\$4,031,329,000, representing an increase of 4.94% as compared with the revenue of HK\$3,841,472,000 in 2024. The net loss for the year was HK\$282,704,000, as compared with a net loss of HK\$83,853,000 in 2024. The widening of the loss was primarily attributable to the continued downturn in the property market in mainland China, which resulted in a fair value loss of approximately HK\$590,882,000 on the investment properties of the Company, including Shenzhen Aerospace Science & Technology Plaza.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company amounted to HK\$165,529,000, representing an increase of 210.52% as compared with the loss attributable to owners of the Company of HK\$53,307,000 in 2024.

Based on the issued share capital of 3,085,021,882 shares during the year, the basic loss per share was HK5.37 cents, representing an increase of 210.40% as compared to the basic loss per share of HK1.73 cents in 2024.

DIVIDEND

Taking into account the funding requirements for the future development of the Company, the Board has resolved not to recommend the payment of a final dividend for 2025 (2024 final dividend: nil).

MACRO OVERVIEW

In 2025, the global economic recovery remained weak, with rising trade protectionism and weakening multilateral mechanisms. The U.S. continued to pursue unilateral policies, increasing tariff barriers, strengthening technology controls and investment restrictions, and promoting supply chain “de-risking”, severely disrupting international division of labor and market order. As a result, Chinese industrial enterprises faced export pressures, with tariff costs rising in some industries and overseas market expansion constrained, the high-end manufacturing sector continued to be subject to technological blockade pressures.

Despite internal and external pressures, China’s economy maintained steady operation, with its Gross Domestic Product (GDP) surpassing RMB140 trillion, representing a year-on-year growth of approximately 5.0%, standing out among major economies. Coordinated macroeconomic policies supported growth, expanded domestic demand, adjusted economic structure, and mitigated risks. The consumption market steadily recovered, investment in manufacturing and high-tech industries continued to grow, and new quality productive forces were cultivated at an accelerated pace. Facing the complex and volatile domestic and international economic environment described above, enterprises must respond to external challenges through independent innovation and supply chain diversification, while adapting to domestic structural transformation requirements by improving quality and efficiency, implementing refined management, and pursuing digital and green transformation, adhere to innovation-driven and high-quality development strategies to comprehensively enhance core competitiveness and sustainable operational capacity.

BUSINESS REVIEW

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

The Company focuses on its dual core businesses of advanced manufacturing and modern services, leveraging the synergistic advantages of both domestic and international markets and resources. It deepens reform and innovation to drive high-quality development. The hi-tech manufacturing business is the major cornerstone of the Company’s revenue and the principal source of the Company’s profit and cash flow, while the property management business of Shenzhen Aerospace Science & Technology Plaza also generates rental and management fee income for the Company. The Company continues to identify and pursue new business opportunities, and thereby creating value for shareholders.

Hi-tech Manufacturing

For the year ended 31 December 2025, the revenue of the hi-tech manufacturing business was HK\$3,851,485,000, representing an increase of 6.44% as compared with HK\$3,618,576,000 in 2024. The operating profit was HK\$37,769,000, representing a decrease of 58.68% as compared with last year. The results of the hi-tech manufacturing business are set out below:

	Turnover (HK\$'000)			Operating Profit/(Loss) (HK\$'000)		
	2025	2024	Changes (%)	2025	2024	Changes (%)
Plastic Products	1,749,686	1,659,515	5.43	67,309	67,862	(0.81)
Printed Circuit Boards	1,134,339	994,959	14.01	(53,059)	39,882	(233.04)
Intelligent Chargers	281,030	285,266	(1.48)	7,374	178	4,042.70
Liquid Crystal Display	594,349	650,887	(8.69)	43,242	42,364	2.07
Intelligent Power Modules	81,757	17,424	369.22	(15,578)	(30,912)	(49.61)
Industrial Property Investment	10,324	10,525	(1.91)	(11,519)	(27,963)	(58.81)
Total	3,851,485	3,618,576	6.44	37,769	91,411	(58.68)

In 2025, facing a complex and severe development situation, technology and industrial enterprises closely followed market dynamics and anchored their business objectives. Each business deeply cultivated its core operations and focused on breakthroughs. Through diversified measures, they expanded market boundaries and improved operational quality and efficiency, maintaining an overall positive development trend, several core businesses achieved critical progress.

The printed circuit boards (PCB) business has deepened its market strategy of “stability, expansion and growth”, steadily increasing market share in optoelectronics, automotive, and industrial healthcare sectors. The flexible circuit boards and surface mount technology business continued to solidify their customer base. Nantong Hong Yuen Circuit Technology Co., Limited* (南通康源电路科技有限公司) (“Nantong Hong Yuen”) successfully completed the transition from project construction to operation, achieving breakthroughs in new areas such as LiDar (laser radar), power management integrated circuits and application processors etc. The liquid crystal display business overcame technical bottlenecks in mass production in its Vietnam production lines, with cooperation with core customers exceeding RMB100 million, and leveraged its advantages in outdoor high-reliability technology to entered the new energy supporting market of charging piles and battery cabinets. Related projects in the white goods sector also successfully commenced mass production. The plastic products business focused on high-value clients whose strategic objectives are significantly aligned with ours, promoting a shift towards high-end technology fields such as new energy and low-altitude economy, and introduced more than ten new high-quality customers, with the capacity utilization rate at Chee Yuen Electronic Technology (Vietnam) Co., Ltd.* (志源電子科技(越南)有限公司) in Vietnam reaching full production. The intelligent chargers business coordinated domestic and international market layouts, achieving mass production in Vietnam and successfully expanding into the drone sector with high-power product mass production. It has also implemented a 50KW commercial energy storage project in Japan in the new energy storage field. The intelligent controller business has finalized several projects awaiting mass production. The intelligent power modules (IPM) business has helped core customers transition steadily from “sample development” to “mass production”, successfully supplying vehicle-mounted products to multiple mainstream automotive companies, with an annual product shipment volume reaching 9.8 million units. Meanwhile, through industry exhibitions and technical seminars and other diversified channels, it has diversified its design and original equipment manufacturer business and built a stable customer reserve pool. Each business segment has not only solidified its operational fundamentals but also optimized and upgraded customer structure and market layout, achieving simultaneous improvements in operational quality and market competitiveness.

Management Discussion and Analysis

In 2025, revenue from the Company's hi-tech manufacturing business recorded a modest increase as compared with the previous year. Revenue from the intelligent power module business, which has entered into mass production, surged significantly by 369.22% year-on-year. Meanwhile, operating profit of the hi-tech manufacturing business declined, mainly due to two factors. First, following the commencement of trial operation of Nantong Hong Yuen, the business remains in the ramp-up stage of production capacity. Together with increased depreciation and amortization of plant and fixed assets as well as higher interest expenses, resulted in initial operating losses. Second, foreign exchange losses arising from exchange rate fluctuations further impacted operating profit. Looking ahead, with the continued deepening of market development by the business units, ongoing optimization of customer mix and industry layout, and the gradual release of production capacity at Nantong Hong Yuen, operating profit of the hi-tech manufacturing business is expected to gradually recover and improve on a sustainable basis.

In 2025, the Company achieved substantial results in scientific research and development, with steady progress in technological innovation and a continuous enhancement of core competitiveness. The total R&D investment for the year amounted to HK\$189 million, with 70 patent applications filed and 60 valid invention patents held, resulting in a dual increase in patent layout quality and effectiveness. Key innovative tasks, such as flip microchip packaging substrate, were completed with high quality, and significant achievements were made in areas such as advanced high-density interconnect technology, 128-channel vertical alignment liquid crystal displays, new plasticizing screws, the development of a 5KW integrated solar storage charging prototype, and advanced packaging technology for miniaturization with 25 pins. The Intelligent Research Institute focused on the frontier, successfully developing and trial-manufacturing 14 types of RF technology devices related to 5G millimeter-wave filter microchips using micro-electromechanical manufacturing processes, as well as 4 types of products in the AI vision and automation field, including the second-generation automatic visual inspection equipment etc. These technological breakthroughs and achievements provide support for the Company's technological iteration and industrial upgrading.

In 2025, Nantong Hong Yuen entered its first year of trial operation, with project construction completed at an investment of approximately RMB1 billion, achieving 66% of investment plan. After the equipment is put into use, it can meet the minimum linewidth and spacing requirements of 15/15 microns. In the first year of trial operation, Nantong Hong Yuen successfully streamlined the production process in the first quarter, completed multiple system certifications and received approval from several clients in the second quarter, and smoothly established mass production capabilities in the second half of the year. The operational management and R&D systems have preliminarily established, achieving market breakthroughs in new fields such as LiDar (laser radar) and power management integrated circuit, with new orders amounting to approximately RMB33 million, the preliminary establishment of core technological capabilities and the completion of 7 patent applications. Moving forward, the focus will be on market expansion, process optimization, and team building to continuously enhance production efficiency and product yield, striving to create a new growth driver for the Company.

In 2026, in the face of a complex macroeconomic environment and industry development situation, all technology and industrial businesses will continue to focus on technological innovation, increasing R&D investment, tackling core technologies, and accelerating the transformation of research outcomes. At the same time, efforts will be made to deepen market engagement, expand into new fields, optimize capacity layout and production processes, and strengthen collaborative synergy across the industrial chain. A multifaceted approach will be adopted to reduce costs and increase efficiency, solidifying the foundation for operational development while steadily enhancing core competitiveness and development quality.

Shenzhen Aerospace Science & Technology Plaza

In 2025, Shenzhen Aerospace Technology Investment Company Limited* (深圳市航天高科技投資管理有限公司) (“Aerospace Technology”) and its wholly-owned subsidiary, Shenzhen Aerospace Technology Property Management Company Limited* (深圳市航天高科物業管理有限公司) (“Aerospace Property Management”), which is responsible for the property management of Shenzhen Aerospace Science & Technology Plaza, recorded a total revenue of HK\$173,132,000 (2024: HK\$213,746,000) and a segment loss of HK\$490,584,000 (2024: segment loss of HK\$132,099,000), primarily attributable to the decrease in property valuation.

As at 31 December 2025, the valuation of Shenzhen Aerospace Science & Technology Plaza was approximately RMB7,008,000,000 (31 December 2024: RMB7,540,000,000).

In 2025, influenced by the continuous increase in office supply in areas such as Houhai and the Science and Technology Park in Shenzhen, and the severe situation of oversupply in the market, competition in the office portion has become increasingly intense. Rental levels and occupancy rates have continued to be under pressure. Against this backdrop, the decline in the valuation of Shenzhen Aerospace Science & Technology Plaza resulted in a loss for the year, creating significant pressure on the Company’s operations and development.

In response to this situation, Aerospace Technology and Aerospace Property Management have proactively adapted and implemented precise strategies to optimize the operation of Shenzhen Aerospace Science & Technology Plaza from multiple dimensions. Leasing strategies were dynamically adjusted in line with market demand, with diversified external customer acquisition channels established to broaden the client base through efficient multi-channel expansion and signing. Innovative cooperation models were introduced, including collaboration with professional operators to advance floor renovation projects and exploration of hotel leasing arrangements, thereby accelerating the absorption of vacant space and meeting the demand of “ready-to-move-in” tenants. At the same time, lease terms were flexibly adjusted to align with tenants’ varying stages of development, while tenant relationship management was strengthened through regular communication mechanisms to promptly address requests and enhance service experience, thereby attracting potential customers through positive reputation.

A series of measures began to show results, with the operational situation at Aerospace Science & Technology Plaza steadily improved. As at 31 December 2025, the occupancy rate of the office portion reached 52.56%, an increase of 5.06 percentage points compared to 47.50% as at 31 December 2024, stabilizing the operational fundamentals. The rent collection rate remained a stable level at 93.57%. The occupancy rate of the commercial portion was 63.41%, a slight decrease of 2.18 percentage points from 65.59% as at 31 December 2024, with the rent collection rate at 95.69%. Overall operating resilience continued to strengthen. Through the implementation of diversified operational strategies, the Company not only effectively alleviated the operational pressures arising from market oversupply, but also consolidated customer channels and operational foundations, achieving improvements in operational efficiency and capability.

Looking ahead to 2026, the office leasing market in Shenzhen’s core areas such as Houhai and the Science and Technology Park will continue to face dual pressures from high supply and a slowdown in demand recovery. The intensification of homogeneous competition in the industry poses significant challenges for market operations. Aerospace Technology will proactively adapt to these changes, continuously enhance its self-operated business, optimize operational services, broaden the tenant base, and focus on attracting enterprises of different types and scales to move in. The Company will make every effort to enhance property operational efficiency and improving overall business quality.

Management Discussion and Analysis

Other Business

The Company, through its directly wholly-owned subsidiary, CASIL New Century Technology Development (Shenzhen) Company Limited* (航科新世紀科技發展(深圳)有限公司) ("CASIL New Century"), holds an interest in its associate, RAYITEK Hi-Tech Film Company Ltd., Shenzhen (深圳瑞華泰薄膜科技股份有限公司) ("Rayitek"). No dividend was declared by Rayitek during the year (2024: nil).

To adjust the asset portfolio of the Company in response to the prevailing securities market conditions, while realizing investment gains and freeing up resources to support operations and the development of core businesses of the Company, CASIL New Century disposed of an aggregate of 1,490,000 shares of Rayitek in the open market during the year ended 31 December 2025, representing approximately 0.83% of total issued share capital of Rayitek. The total consideration was approximately RMB28,784,000 (equivalent to approximately HK\$32,249,000). Following the disposal, CASIL New Century shareholding in Rayitek decreased from 23.38% to 22.55% of its total issued share capital.

During the year ended 31 December 2025, CASIL New Century disposed of convertible bonds of Rayitek with an aggregate principal amount of RMB40,449,000 in the open market at a total consideration of approximately RMB45,671,000 (equivalent to approximately HK\$49,321,000).

HUMAN RESOURCES AND REMUNERATION POLICIES

The remuneration policy of the Company and the subsidiaries is determined based on employees' qualifications, experience, responsibilities and performance, with reference to the market remuneration levels and industry practices to ensure that salaries are competitive and equitable. The Company and the subsidiaries will continue to enhance the standard of human resources management and strictly implement a performance-based appraisal system, in order to motivate employees to consistently improve their professional capabilities and work efficiency, grow alongside the company, and create long-term value for shareholders.

As at 31 December 2025, the Company and the subsidiaries had a total of 7,479 employees, located in mainland China, Hong Kong and Vietnam.

FINANCIAL REVIEW

OPERATING REVENUE

For the year ended 31 December 2025, the operating revenue of the Company and the subsidiaries amounted to HK\$4,031,329,000, representing an increase of 4.94% as compared with the operating revenue of HK\$3,841,472,000 in 2024. The revenue of the Company and the subsidiaries comprised (i) sales of hi-tech manufacturing products; and (ii) rental and service income from investment properties. Among these, sales of hi-tech manufacturing products amounted to HK\$3,851,485,000, accounting for approximately 95.54% of total operating revenue.

GROSS PROFIT AND GROSS PROFIT MARGIN

For the year ended 31 December 2025, the gross profit of the Company and the subsidiaries amounted to HK\$683,173,000, representing a decrease of 15.43% as compared with the gross profit of HK\$807,854,000 in 2024. For the year ended 31 December 2025, the gross profit margin was approximately 16.95%, representing a decrease of 4.08 percentage points compared to 21.03% in 2024. The decline in gross profit and gross profit margin was primarily due to the reclassification of certain transportation costs from selling and distribution expenses to cost of sales in order to satisfy the performance requirement.

OTHER INCOME

For the year ended 31 December 2025, the Company and the subsidiaries recorded other income of HK\$107,149,000, as compared with HK\$91,332,000 in 2024. Other income mainly comprised interest income, revenue from sales of scrap materials and government subsidies.

SELLING AND DISTRIBUTION EXPENSES

For the year ended 31 December 2025, the selling and distribution expenses of the Company and the subsidiaries amounted to HK\$60,634,000, representing a decrease of 29.19% as compared with HK\$85,631,000 in 2024, mainly due to the reclassification of transportation costs to costs of sales for the year in order to satisfy the performance requirement.

RESEARCH AND DEVELOPMENT EXPENSES

For the year ended 31 December 2025, the research and development expenses of the Company and the subsidiaries amounted to HK\$188,682,000, which remained broadly stable as compared with HK\$189,661,000 in 2024.

CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

For the year ended 31 December 2025, the Company and the subsidiaries recorded a fair value loss on investment properties of HK\$590,882,000, representing an increase of 97.12% as compared with the fair value loss of HK\$299,754,000 as at 31 December 2024, primarily due to the continued downturn in the Shenzhen property market. The fair value change of Shenzhen Aerospace Science & Technology Plaza recorded a loss of HK\$573,792,000, representing an increase of 112.90% as compared with the loss of HK\$269,513,000.

SHARE OF RESULTS OF JOINT VENTURES/ASSOCIATES

For the year ended 31 December 2025, the share of results of joint ventures/associates attributable to the Company and the subsidiaries amounted to a loss of HK\$46,868,000 (2024: profit of HK\$4,491,000), primarily due to the operating loss of the associate, Rayitek.

FINANCE COSTS

For the year ended 31 December 2025, the finance costs of the Company and the subsidiaries amounted to HK\$48,409,000, representing a decrease of 9.36% as compared with HK\$53,409,000 in 2024, primarily due to decrease in average interest rates.

LOSS BEFORE TAX

For the year ended 31 December 2025, the loss before tax of the Company and the subsidiaries was HK\$500,862,000, as compared with a loss of HK\$170,923,000 in 2024. The increase in the loss before tax was primarily due to the increased loss from changes in the fair value of investment properties.

INCOME TAX CREDIT

For the year ended 31 December 2025, the Company and its subsidiaries recorded an income tax credit of HK\$218,158,000, as compared with an income tax credit of HK\$87,070,000 in 2024, primarily due to the increase in deferred tax arising from increased loss from changes in the fair value of investment properties.

Management Discussion and Analysis

LOSS FOR THE YEAR

For the year ended 31 December 2025, the net loss of the Company and the subsidiaries amounted to HK\$282,704,000, representing an increase of 237.14% as compared with the net loss of HK\$83,853,000 in 2024, mainly due to the increased loss from changes in the fair value of investment properties.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY AND LOSS PER SHARE

For the year ended 31 December 2025, the loss attributable to owners of the Company was HK\$165,529,000, representing an increase of 210.52% compared to the loss attributable to owners of HK\$53,307,000 in 2024.

Based on the issue share capital of 3,085,021,882 shares during the year, the basic loss per share was HK5.37 cents, representing an increase of 210.40% as compared with the basic loss per share of HK1.73 cents in 2024.

ASSETS

(HK\$'000)	31 December 2025	31 December 2024	Changes (%)
Non-Current Assets	11,095,778	10,953,891	1.30
Current Assets	3,447,415	3,327,423	3.61
Total Assets	14,543,193	14,281,314	1.83

The increase in non-current assets was mainly due to the additions to property, plant and equipment and the increase in Hong Kong dollar equivalent arising from the conversion of assets denominated in RMB at the balance sheet date, while the increase in current assets was primarily due to the increase in inventories.

As at 31 December 2025, the equity attributable to owners of the Company was HK\$7,271,688,000, representing an increase of 1.64% as compared with HK\$7,154,386,000 as at 31 December 2024, primarily due to the increase in exchange reserves arising from the appreciation of Renminbi.

Based on the issued share capital of 3,085,021,882 shares during the year, the net assets per share attributable to owners of the Company was HK\$2.36 (31 December 2024: HK\$2.32).

LIQUIDITY

The source of funds of the Company and the subsidiaries mainly relies on internal resources and banking and financial institution facilities. As at 31 December 2025, the cash and cash equivalents and short-term bank deposits was HK\$1,502,287,000 (31 December 2024: HK\$1,497,130,000), the majority of which were in Renminbi, U.S. Dollars and Hong Kong Dollars.

PLEDGE OF ASSETS

As at 31 December 2025, a cash deposit of HK\$36,918,000 and bills receivable of HK\$99,909,000 of the Company and the subsidiaries were pledged to banks to obtain credit facilities (31 December 2024: HK\$39,110,000 and HK\$82,489,000 respectively) and investment properties of approximately HK\$3,521,975,000 (2024: HK\$2,203,295,000) were pledged to banks and Aerospace Science & Technology Finance Company Limited* (航天科技財務有限責任公司) to secure general banking facilities.

As at 31 December 2025, land use rights and buildings with carrying amount of approximately RMB486,026,000 (equivalent to approximately HK\$540,630,000) were pledged by Nantong Hong Yuen (31 December 2024: Nil) to several banks to secure an 8-year term bank loan facility of RMB1,000,000,000. Further details are set out in the announcement of the Company dated 17 January 2025.

LIABILITIES

(HK\$'000)	31 December 2025	31 December 2024	Changes (%)
Non-Current Liabilities	3,699,627	3,515,843	5.23
Current Liabilities	1,639,062	1,649,182	(0.61)
Total Liabilities	5,338,689	5,165,025	3.36

The increase in non-current liabilities was mainly due to increase in long-term bank loans; whereas the current liabilities approximate to that of last year.

As at 31 December 2025, bank borrowings and other borrowings of the Company and the subsidiaries amounted to HK\$1,165,477,000 and HK\$685,205,000 respectively (31 December 2024: HK\$349,825,000 and HK\$1,163,656,000 respectively). Long-term borrowings accounted for 92.88% of total borrowings (31 December 2024: 89.15%).

CONTINGENT LIABILITIES

As at 31 December 2025, the Company and the subsidiaries did not have any material contingent liabilities (31 December 2024: nil).

FINANCIAL RATIOS

	2025	2024
Gross Profit Margin	16.95%	21.03%
Return on Net Assets	(3.07%)	(0.92%)

	31 December 2025	31 December 2024
Assets-Liabilities Ratio	36.71%	36.17%
Current Ratio	2.10	2.02
Quick Ratio	1.68	1.66

CAPITAL COMMITMENTS

As at 31 December 2025, the Company and the subsidiaries had contracted capital commitments of approximately HK\$298,260,000 which had not been provided in the consolidated financial statements (31 December 2024: HK\$437,360,000), mainly the capital expenditure for acquisition of fixed assets.

FINANCIAL RISKS

The Company and the subsidiaries review the cash flow and financial position periodically and do not presently engage into any financial instruments or derivatives to hedge against exchange and the interest rate risks.

APPRECIATION

I would like to extend my sincere gratitude to the shareholders, banks, business partners, and members of the community who have supported the Company's development, and at the same time express appreciation and commendation to all employees for their loyalty and professionalism.

By order of the Board

Song Shuqing

Executive Director and President

Hong Kong, 26 March 2026

CORPORATE GOVERNANCE POLICY

The Company has adopted the code provisions set out in the Corporate Governance Code (the “CG Code”) in Appendix C1 to the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) as its own on corporate governance practices. For the year ended 31 December 2025, the Company has complied with the code provisions that were in force as set out in the CG Code.

The board of directors (the “Board”) is responsible for the corporate governance of the Company and reviews such matters at Board meetings as appropriate. The scope of review covers, among other things, the effectiveness and adequacy of the Company’s corporate governance measures and policies, the training arrangements for Directors and senior management, compliance of the Company’s policies with applicable laws and regulatory requirements, the applicability of the Company’s internal codes, and confirmation of the Company’s compliance with the provisions of the CG Code as well as the proper disclosure thereof in the Corporate Governance Report. The Board is committed to ensuring that the Company’s governance framework continues to be enhanced, with a view to maintaining a high standard of transparency and accountability and safeguarding the long-term interests of shareholders and stakeholders.

The corporate governance policies of the Company has been incorporated into the Company’s *Rules of Board Procedure* to regulate and monitor the deliberation and decision-making process of the Board, thereby enhancing governance effectiveness. The Board has also established appropriate internal control, risk management systems and whistle-blowing mechanisms to effectively oversee the Company’s financial position and governance practices. Additionally, the Company has adopted an *Anti-Corruption Policy* and a *Whistle-blowing Policy* to further strengthen corporate governance performance, and regularly updates its *Shareholders & Investors Communication Policy* to ensure the adequacy and transparency of information disclosure, thereby fostering constructive engagement between the Company and its stakeholders.

Furthermore, the Company has established *Mechanisms to Ensure Board Access to Independent Views and Advice* to ensure that the Board has access to independent views and opinions, thereby enabling checks and balances, facilitating the steady development of the Company. The Board reviews the implementation and effectiveness of these mechanisms annually. The relevant mechanisms are set out in the *Rules of Board Procedure* and the *Rules for the Selection and Appointment of Independent Non-Executive Directors* of the Company, and are reflected in both the number of Independent Non-Executive Directors on the Board and the overall governance structure.

CORPORATE CULTURE

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

BOARD OF DIRECTORS

Composition of the Board

The Board is primarily responsible for determining the objectives, strategies, policies, principal business plans, risk management and internal control, as well as corporate governance of the Company and its subsidiaries. The Board delegates the management of the Company's business to the management team, which is authorized to make decisions on day-to-day operational matters and to implement the strategies approved by the Board, with a view to achieving the overall development goals of the Company.

During 2025 and up to the date of this Annual Report, the Board comprises eight Directors, consisting of two Executive Directors, three Non-Executive Directors, and three Independent Non-Executive Directors. The Directors are listed as follows:

Executive Directors

Wang Hui (*Chairman*)

Song Shuqing (*President*)

Non-Executive Directors

Teng Fangqian

Peng Jianguo

Liu Yong (*appointed on 14 February 2025*)

Hua Chongzhi (*resigned on 14 February 2025*)

Independent Non-Executive Directors

Luo Zhenbang

Chen Jingru

Xue Lan

There are no financial, business, family or other material relationships among members of the Board. The biographical details of the Directors are set out in the section headed "Biographical Details of Directors" in this Annual Report.

Mr Wang Hui serves as the Chairman of the Company, while Mr Song Shuqing serves as the President. The respective roles and responsibilities of the Chairman and the President have been delineated in accordance with their defined terms of reference, ensuring a clear division of duties.

Each of the Non-Executive Directors and Independent Non-Executive Directors is appointed for a specific term of two years and is subject to retirement by rotation and re-election at the Annual General Meeting, if eligible, under the Articles of Association of the Company. The Company has entered into an engagement letter with each Directors. The terms of the engagement letters include, among others, the Directors' obligations to comply with relevant laws, regulations, and the Articles of Association; the discharge of their duties as Directors; the entitlement to director's remuneration and reimbursement of reasonably incurred expenses; the term of office; and the provisions for termination of the appointment.

During 2025 and up to the date of this Annual Report, the Company has complied with the requirements of the Listing Rules relating to the appointment of three Independent Non-Executive Directors, representing at least one-third of the Board. Among the Independent Non-Executive Directors, Mr Luo Zhenbang fulfills the requirements of Rule 3.10(2) of the Listing Rules, possessing appropriate professional qualifications, accounting and related financial management expertise.

The Company has received written annual confirmation from each Independent Non-Executive Director regarding their independence pursuant to the requirements of the Listing Rules. In addition, Mr Luo Zhenbang has served as an Independent Non-Executive Director of the Company for more than nine years and has continued to demonstrate the character and attributes of an Independent Non-Executive Director and is able to provide independent opinion. The Board is of the view that his tenure has no impact on his independence. As such, following the review and confirmation of the independence of all Independent Non-Executive Directors by the Nomination Committee, the Company considers that all Independent Non-Executive Directors are in compliance with the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent.

Those Directors appointed by the Board during the year shall hold office only until the next following Annual General Meeting and shall then be eligible for re-election. The process for re-election of a Director is in accordance with the Company's Articles of Association, which requires that, saved for the Directors appointed during the year, one-third of the Directors for the time being (or the nearest number) shall retire from office by rotation at each Annual General Meeting and, being eligible, may offer themselves for re-election. Relevant information and the biographical details of the Directors standing for re-election are set out in the Annual Report and the circular to shareholders for the Annual General Meeting to enable shareholders to make an informed decision on their voting. Shareholders who wish to nominate a person for election as a Director of the Company must follow the relevant procedures in accordance to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"), the Listing Rules, and the Articles of Association of the Company. Such procedures are available for download and review on the Company's website.

Diversity

The Company recognizes and understands the benefits of board diversity as an essential element in maintaining its competitive advantage. According to the *Board Diversity Policy* of the Company, various factors of diversity will be considered when determining the optimal composition of the Board, including but not limited to skills, regional and industrial experience, background, ethnicity, expertise, culture, independence, age, gender, and other professional qualifications, while striving to maintain an appropriate balance where practicable. The Nomination Committee reviews the structure and composition of the Board and the implementation of the *Board Diversity Policy* annually, and reviews the measurable objectives from time to time to ensure the effectiveness of the policy and its alignment with the Company's business development needs.

Pursuant to the *Director Nomination Policy* of the Company, the Nomination Committee is responsible for identifying and nominating director candidates for the Board's approval, as well as assessing the appropriate combination of experience, expertise, skills, and diversity required by the Board and make recommendations to the Board on succession planning. The Nomination Committee is also responsible for assisting the Board in preparing the Board skills matrix and reporting annually to the Board on matters relating to Board diversity.

The Company's objective is to ensure that at least one female Director serves on the Board. During 2025 and up to the date of this Annual Report, the Board has maintained a compositions of members with diverse genders, professional backgrounds, and industry experiences, comprising two female Directors and six male Directors. The Company considers that the current composition and diversity proportions of the Board are reasonable and appropriate, providing balanced and broad perspectives for Board-level deliberations, which is conducive to the Company's business development.

Corporate Governance Report

As at the date of this Annual Report, the Board's diversity profile and the skills matrix of the Directors are as follows:

Directors	Executive Directors	Non-Executive Directors	Independent Non-Executive Directors
	2 Directors	3 Directors	3 Directors
Gender	Male		Female
	6 Directors		2 Directors
Age Group	50–54 years old	55–60 years old	61 years old or above
	2 Directors	4 Directors	2 Directors
Year of Service	1–2 years	3–4 years	5 years or above
	3 Directors	4 Directors	1 Director

Directors	Leadership Experience in Board/ Board Committees/ Other Positions in Listed Companies	Capital Markets and Asset Management	Professional (Accounting/ Engineering/ Human Resources/ Legal) and Risk & Compliance	Industry Experience (Aerospace and Industrial Technology)	Corporate Governance and Oversight
Executive Directors					
Wang Hui (<i>Chairman</i>)	•	•	•	•	•
Song Shuqing (<i>President</i>)	•	•	•	•	•
Independent Non-Executive Directors					
Luo Zhenbang	•	•	•	•	•
Chen Jingru	•	•	•	•	•
Xue Lan	•	•	•	•	•
Non-Executive Directors					
Teng Fangqian	•	•	•	•	•
Peng Jianguo	•	•	•	•	•
Liu Yong	•	•	•	•	•
Coverage (percentage of the Board)	100%	100%	100%	63%	100%

The Board possesses a diverse and complementary combination of skills and experiences, covering expertise in aerospace industrial technology, research, and engineering, as well as experience in strategic planning, operational management, financial management, and capital market operations. All members of the Board hold a master's degree or above and professional qualifications, with experience in large-scale enterprises or corporate governance of listed companies, and are well-versed in corporate governance and regulatory compliance requirements. Each Director devotes sufficient time and attention to the affairs of the Company and provides an annual confirmation to the Company regarding the time commitment required to discharge their duties as a Director. This provides solid support for the development of the Company's core businesses, compliant operations, and strategic decision-making, laying a firm foundation for achieving long-term sustainable growth.

Workforce diversity is a core element in driving the Company's continuous innovation, enhancing operational efficiency, and achieving sustainable development. The Company is committed to promoting workforce diversity and implements diversity principles across recruitment, training, performance appraisal, remuneration and benefits, and promotions, creating a fair, respectful, and inclusive work environment. As at 31 December 2025, the proportion of female senior management of the Company was 20%. Among the Company's 7,479 employees in total, the ratio of male to female employees was 1:0.61. The Company considers the gender diversity ratio under its current workforce structure to be appropriate and reasonable. The Company does not favor any specific gender during recruitment and endeavors to maintain a balanced gender ratio. The Company will review and, where necessary, revise relevant diversity policies from time to time in light of its development strategies, changes in laws and regulations, and employee needs, to ensure their continued effectiveness and alignment with the Company's long-term goals.

OPERATION OF THE BOARD

Pursuant to the Company's *Rules of Board Procedure*, the Board holds at least four regular meetings annually and additional meetings are arranged as and when necessary. Formal notice of at least 14 days is given to all Directors for regular Board meetings. The Company Secretary also assists the Directors in preparing the meeting agenda to ensure that all Directors are fully informed of the matters to be discussed prior to the meeting, thereby facilitating effective decision-making.

The Company Secretary is responsible for recording the minutes of all meetings. Draft and final versions of the minutes are generally sent to all Directors for their comment and records respectively within a reasonable timeframe after each meeting. The minutes are subsequently approved by the Board or the relevant committees at the next meeting. The Company Secretary is responsible for keeping of minutes, which are available for inspection upon request by any Directors. The Company Secretary is accountable to the Board and advises the Board on procedural matters and issues relating to compliance with the Listing Rules. All Directors have access to the advice and services of the Company Secretary.

During 2025, the Company held a total of five Board meetings. In addition, the Chairman, Mr Wang Hui, held one meeting with the Independent Non-Executive Directors without the presence of other Directors and management during the year.

The attendance of each Director at the Board meetings and the Annual General Meeting during 2025 is listed as follows:

Directors	Attendance/Number of Meetings Held	
	Board Meetings	Annual General Meeting
Executive Directors		
Wang Hui (<i>Chairman</i>)	5/5	1/1
Song Shuqing (<i>President</i>)	4/5	1/1
Non-Executive Directors		
Teng Fangqian	5/5	1/1
Peng Jianguo	5/5	1/1
Liu Yong (<i>appointed on 14 February 2025</i>)	5/5	1/1
Hua Chongzhi (<i>resigned on 14 February 2025</i>)	1/1	N/A
Independent Non-Executive Directors		
Luo Zhenbang	5/5	1/1
Chen Jingru	5/5	1/1
Xue Lan	5/5	1/1

DIRECTORS' TRAINING

Each newly appointed Directors receives a comprehensive and formal induction upon their appointment. The induction covers directors' duties and responsibilities, the Listing Rules, the composition of the Board and its committees, and the corporate governance framework of the Company, ensuring that new Directors have a thorough understanding of the Company's operations and business. Furthermore, pre-appointment training will be provided to the new Directors by the Company's legal advisor to assist them in mastering their duties under common law, the Listing Rules, relevant laws, and other regulatory requirements, and to familiarize them with the Company's business and governance policies to ensure the effective discharge of their duties as Directors.

Mr Liu Yong (appointed as a Non-Executive Director on 14 February 2025) obtained legal advice pursuant to Rule 3.09D of the Listing Rules on 14 February 2025 and attended a 2-hour induction training session for new directors provided by the Company's legal advisor. Mr Liu Yong has confirmed that he understands all requirements under the Listing Rules applicable to him as a director of a listed company, as well as the potential consequences of making false statements or providing false information to the Stock Exchange.

The Company is committed to enhancing its system for the continuous professional development system of Directors, ensuring that all Directors possess sufficient knowledge and skills to provide professional advice to the Board on a well-informed basis. During the year, the Company provided regular briefings to the Directors on business operations and financial performance. In addition, the Company compiled and circulated training materials on a regular basis, including updates on amendments to the Listing Rules, summaries of regulatory developments and capital market newsletters, to assist Directors in keeping abreast of the latest changes in the market, legal and regulatory environment, thereby enabling them to effectively discharge their oversight functions and compliance responsibilities.

All Directors have actively participated in continuous professional development. In 2025, the Company engaged its legal advisors to provide specialized training for the Directors and management, covering the latest amendments to the CG Code, as well as an in-depth analysis of Chapters 13, 14, and 14A of the Listing Rules. The training aimed to strengthen the compliance awareness of the Directors and senior management and enhance their ability to perform their duties with integrity.

Furthermore, to deepen the Directors' understanding of the capital markets and the Company's business, the Board conducted a site visit to The Stock Exchange of Hong Kong Limited in June 2025 to keep abreast of the dynamics and operational mechanisms of the Hong Kong financial market. In November, the Non-Executive Directors and Independent Non-Executive Directors, accompanied by the management, conducted a site visit to the Phase I plant of Nantong Hong Yuen, focusing on the production capacity development and operational progress of integrated circuit packaging substrates. Through in-depth exchanges with the local management team, the Board further enhanced its oversight and decision-making effectiveness in respect of the Company's core business.

The Company has received records of training from all Directors for the year. The training hours and topics for Directors in 2025 are set out below:

Directors	Training Topics					Total Training Hours
	Listing Rules and Legal Compliance	Corporate Governance and ESG	Directors' Duties	Business and Industry Development	Risk Management and Internal Control	
Executive Directors						
Wang Hui (<i>Chairman</i>)	4.5(A、B)	3.5(A、B)	3.5(A、B)	4(A、B)	3(B)	18.5
Song Shuqing (<i>President</i>)	4.5(A、B)	3.5(A、B)	3.5(A、B)	3(A、B)	3(B)	17.5
Independent Non-Executive Directors						
Luo Zhenbang	4.5(A、B)	3.5(A、B)	3.5(A、B)	8(A、B)	3(B)	22.5
Chen Jingru	4.5(A、B)	3.5(A、B)	3.5(A、B)	9(A、B)	3(B)	23.5
Xue Lan	4.5(A、B)	3.5(A、B)	3.5(A、B)	4(A、B)	3(B)	18.5
Non-Executive Directors						
Teng Fangqian	4.5(A、B)	3.5(A、B)	3.5(A、B)	9(A、B)	3(B)	23.5
Peng Jianguo	4.5(A、B)	3.5(A、B)	3.5(A、B)	8(A、B)	3(B)	22.5
Liu Yong	5.5(A、B)	3.5(A、B)	4.5(A、B)	9(A、B)	3(B)	25.5

Notes:

- A. Attending specialized training sessions, seminars, forums, or site visits provided by the Company or external organizations.
- B. Reading regulatory updates or written training materials.

BOARD COMMITTEES

The Board has established the Audit Committee, the Remuneration Committee, the Nomination Committee, and the Environment, Social & Governance Committee, which are respectively responsible for overseeing the Company's financial reporting, the remuneration policies for Directors and senior management, the nomination of Directors, and the governance strategies relating to environmental, social and governance matters. Each committee operates under written terms of reference and reports directly to the Board. The terms of reference of the committees are available for download from the websites of the Stock Exchange and the Company.

Audit Committee

In 2025, the Audit Committee comprised Mr Luo Zhenbang (Chairman of Audit Committee) and Ms Chen Jingru, both being Independent Non-Executive Directors, and Mr Peng Jianguo, a Non-Executive Director. The principal duties of the Audit Committee are to act as the key representative between the Company and the external auditors, to make recommendations to the Board on the appointment and removal of external auditors, to review the Company's financial information, and to oversee the Company's financial reporting system, risk management (including, but not limited to, risks relating to environmental, social and governance matters) and internal control systems.

Corporate Governance Report

During 2025, the Audit Committee held four meetings, three of which were attended by external auditors. The attendance of each member of the Audit Committee is set out below:

Directors	Attendance/ Eligible to attend
Luo Zhenbang	4/4
Chen Jingru	4/4
Peng Jianguo	4/4

Summary of work of the Audit Committee in 2025:

- Reviewed the interim and annual results of the Company and recommended the adoption of such results by the Board;
- Made recommendations to the Board on the appointment of external auditors, and approved and reviewed the fees and terms of engagement of the external auditors;
- Assessed and reviewed the effectiveness of the Company's internal control, risk management reports and internal audit functions;
- Approved the annual audit plan;
- Reviewed the *Whistle-blowing Policy* and received reports on whistleblowing;
- Reviewed the Company's resources and budget in respect of financial reporting, auditing and ESG matters; and
- Reviewed the continuing connected transactions during the year.

Remuneration Committee

In 2025, the Remuneration Committee comprised Ms Chen Jingru (Chairman of Remuneration Committee) and Ms Xue Lan, both being Independent Non-Executive Directors, and Mr Liu Yong (appointed on 14 February 2025) and Mr Hua Chongzhi (resigned on 14 February 2025), both being Non-Executive Directors. The principal duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy for Directors and senior management, to review and approve the remuneration of management, and to review and/or approve matters relating to share schemes as set out in Chapter 17 of the Listing Rules (where applicable).

The remuneration of Directors and committee members is determined in accordance with the Company's *Standards for Directors' Remuneration and Special Allowances*, having considered the recommendations of the Remuneration Committee, the duties and time commitments of Directors, and prevailing market comparable. Adjustments are made from time to time in light of actual circumstances and market conditions.

Details of Directors' remuneration for the year ended 31 December 2025 are set out in the "Notes to the Consolidated Financial Statements" in this Annual Report.

The Remuneration Committee held two meetings during 2025 to consider the remuneration proposals for the newly appointed Non-Executive Director, as well as the remuneration and appraisal system for the Executive Directors and senior management. No Director was involved in deciding his/her own remuneration during the year.

The attendance of each member of the Remuneration Committee at the meetings is set out below:

Directors	Attendance/ Eligible to attend
Chen Jingru	2/2
Xue Lan	1/2
Liu Yong (<i>appointed on 14 February 2025</i>)	1/1
Hua Chongzhi (<i>resigned on 14 February 2025</i>)	1/1

Nomination Committee

In 2025, the Nomination Committee comprised Mr Wang Hui (Chairman of Nomination Committee), the Chairman and Executive Director; Mr Teng Fangqian, a Non-Executive Director; and Mr Luo Zhenbang, Ms Chen Jingru and Ms Xue Lan, all being Independent Non-Executive Directors. The principal duties of the Nomination Committee are to review the structure, size, and diversity of the Board; to assess the time commitment and contribution of each Director to the Board; to make recommendations to the Board on the appointment of Directors and succession planning; and to assess the independence of Independent Non-Executive Directors.

Summary of work of the Nomination Committee in 2025:

- Reviewed the appropriateness of the structure and composition of the Board;
- Reviewed and revised the *Board Diversity Policy*;
- Recommended to the Board the re-election of retiring Directors at the Annual General Meeting; and
- Made recommendations to the Board regarding the appointment of a new Non-Executive Director.

The Nomination Committee held two meetings in 2025. The attendance of each member of the Nomination Committee is set out below:

Directors	Attendance/ Eligible to attend
Wang Hui	2/2
Luo Zhenbang	2/2
Chen Jingru	2/2
Xue Lan	2/2
Teng Fangqian	2/2

The Company has adopted a *Director Nomination Policy*, which is reviewed and monitored for implementation by the Board from time to time to ensure its continued effectiveness. The key points of the policy are as follows:

Corporate Governance Report

Selection Criteria

1. The Nomination Committee shall consider at least the following factors in assessing candidates:
 - a. Compliance with the requirements for serving as a director under the, among others, the Companies Ordinance, the Listing Rules, and the Articles of Association of the Company;
 - b. Selection of suitable candidates based on the Board structure and the actual operational needs of the Company, including but not limited to identifying the category of Directors required (Executive Directors, Non-executive Directors, or Independent Non-executive Directors); identifying the specific expertise required (e.g., experience in finance and accounting, legal, or industry-specific fields; lowering the average age; succession planning for the Board); identifying specific requirements (e.g., at least one Independent Non-executive Director must possess financial and accounting expertise);
 - c. The *Board Diversity Policy* of the Company;
 - d. The candidate's ability to devote sufficient time and effectively discharge their duties, taking into account their professional qualifications, work experience, existing directorships in other listed companies, and the time commitment required by other significant external commitments; and
 - e. Other factors' including but not limited to the candidate's potential contribution to the Company (e.g., perspectives, skills and experience, promoting Board diversity), familiarity with regulatory requirements in both China and Hong Kong, and the time available to be devoted to the Company's affairs.
2. Prospective nominee(s) shall provide sufficient information, such as personal biographies, to the Nomination Committee for review.
3. Assessment of the independence of prospective nominee(s).
4. The Nomination Committee may invite other Directors or senior management to assist in identifying candidates.
5. If necessary, the Nomination Committee may invite prospective nominee(s) to attend meetings to allow the Committee to gain a deeper understanding of the candidate.
6. The Nomination Committee has the discretion to nominate or reject the identified candidate(s).

Nomination Procedures

1. Retiring Directors who are willing to stand for re-election may be nominated by the Nomination Committee for re-appointment at the general meeting.
2. Following the aforementioned selection process, and subject to the review and approval of the Nomination Committee, the nominated candidates shall be submitted to the Board for consideration and approval.
3. To fill a casual vacancy, the Nomination Committee shall recommend suitable candidates to the Board for consideration and approval.
4. To recommend candidates for election at a general meeting, the Nomination Committee shall nominate such candidates to the Board for its consideration and further recommendation for election.
5. Upon the recommendation of the Nomination Committee, the Board shall consider the selection criteria set out above and may, at its discretion, nominate or reject the candidates so proposed.

Environment, Social & Governance Committee

In 2025, the Environment, Social & Governance (“ESG”) Committee comprised Mr Wang Hui (Chairman of ESG Committee), the Chairman and Executive Director; Mr Liu Yong (appointed on 14 February 2025) and Mr Hua Chongzhi (resigned on 14 February 2025), both being Non-Executive Directors; and Mr Luo Zhenbang, an Independent Non-Executive Director. The principal duties of the ESG Committee are to formulate and review the Company’s ESG responsibilities, vision, strategy, framework, principles, and policies; monitor the communication channels and methods with its stakeholders; review major ESG trends and relevant risks and opportunities, and assess the adequacy and effectiveness of the Company’s relevant structure and business model in this regard; oversee the sustainability performance of the Company; and review the annual ESG report of the Company and recommend the same for approval by the Board.

The ESG Committee held two meetings during 2025, primarily to discuss and consider the 2024 ESG Report, formulate the annual work plan, follow up on the progress of relevant work, and plan for climate-related disclosures. During the year, the ESG Committee also reviewed the interim progress report of the ESG Working Group, including stakeholder survey results, review and analysis of interim data, the ESG materiality matrix, and risk assessments. Furthermore, in light of the amendments to climate-related disclosure requirements, and to enable the ESG Working Group to gain an in-depth understanding of the relevant regulations and specific requirements for 2025 data collection, the working group organized a specialized on-site training session to strengthen the understanding of such disclosure requirements.

The attendance of each member of the ESG Committee member during 2025 is set out below:

Directors	Attendance/ Eligible to attend
Wang Hui	2/2
Luo Zhenbang	2/2
Liu Yong (<i>appointed on 14 February 2025</i>)	2/2
Hua Chongzhi (<i>resigned on 14 February 2025</i>)	0/0

DIRECTORS’ LIABILITY INSURANCE

The Company has arranged appropriate Directors and Officers liability insurance for all Directors to provide coverage against potential liabilities which may arise from the discharge of their duties. The Company reviews the coverage and scope of such insurance annually.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the *Model Code for Securities Transactions by Directors of Listed Issuers* as set out in Appendix C3 to the Listing Rules and the Company’s own *The Code and Enforcement Details for Securities Transactions by Directors*, as the standards of dealings for securities transactions by the Directors and relevant employees of the Company.

Having made specific enquiry to all Directors and in accordance with the information provided, all Directors have complied with the required standards as set out in the Appendix C3 to the Listing Rules and *The Code and Enforcement Details for Securities Transactions by Directors* throughout the year ended 31 December 2025.

COMPANY SECRETARY

The selection, appointment or dismissal (if any) of Company Secretary is subject to approval by the Board at a meeting. The Company Secretary reports to the Chairman of the Board and the President.

Mr Luo Yuxin (appointed on 16 July 2025) and Ms Wong Cho Ching (resigned on 16 July 2025) served as the Company Secretaries of the Company during the year. For the year ended 31 December 2025, Mr Luo Yuxin has attended no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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

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

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

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

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

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

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

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

ACCOUNTABILITY AND AUDIT

The Directors are responsible for preparing the accounts for each financial year so as to present a true and fair view of the business position, performance and cash flows of the Company and its subsidiaries during the period. In preparing the accounts for the year ended 31 December 2025, the Directors consider that the Company has adopted appropriate accounting policies and applied the Hong Kong Financial Reporting Standards consistently, making prudent and reasonable judgements and estimates, and prepared the accounts on a going concern basis. The auditors have set out their responsibilities in the financial statements.

In 2025, the Directors were not aware of any material uncertainties or events that might cast doubt on the Company's ability to continue as a going concern. The Company strives to ensure that all announcements, circulars, interim reports and annual reports present a balanced, clear and comprehensive assessment of its performance, position and prospects. In compliance with the Listing Rules, the Company announced its annual and interim results within three months and two months, respectively, after the end of the relevant reporting periods.

For the year ended 31 December 2025, the remuneration paid/payable to the auditors of the Company for audit services was approximately HK\$2,702,000.

INVESTOR RELATIONS

In 2025 and up to the date of this Annual Report, there were no changes to the Memorandum and Articles of Association of the Company.

The Board has established and revised the *Shareholders & Investors Communication Policy* in March 2025 to ensure and enhance communication between the Company and its shareholders (including individual and institutional shareholders) and investors. The Board regularly reviews the *Shareholders & Investors Communication Policy* (which is available on the Company's website) to ensure its implementation and effectiveness. The Company also ensures the efficient and timely dissemination of information to shareholders and investors. As a channel to promote effective communication, the Company maintains a website to publish its interim and annual reports, ESG reports, announcements, circulars, and other information, ensuring that the Company's disclosure of information is prompt, fair, and transparent. Shareholders with any inquiries regarding their shareholdings or the receipt of corporate communications may contact the Company's share registrar, Tricor Investor Services Limited. The Board has reviewed the *Shareholders & Investors Communication Policy* during the year, including the communication channels established for shareholders and the measures for handling enquiries from shareholders and investors, and considered that the policy had been properly implemented and was effective.

Corporate Governance Report

The Board places great importance on maintaining ongoing dialogue with shareholders, particularly through direct communication at the Annual General Meeting. The Annual General Meeting serves as the primary platform for communication between the Company and its shareholders, and the Board encourages active participation from shareholders. Directors (including the Chairman of the Board, the chairmen or representatives of the Board committees, and the Independent Non-executive Directors) and representatives of the external auditors attend the Company's Annual General Meeting to respond to shareholders' queries and comments.

The Company sends circular to shareholders (including the notice of meeting) to shareholders at least 21 days prior to the Annual General Meeting, providing comprehensive information on the meeting, including explanations of the resolutions to be proposed and details of retiring Directors standing for re-election. This enables shareholders to better understand their rights and the agenda, and to make informed voting decisions. In accordance with applicable laws and regulations, the Company also convenes extraordinary general meetings, with circulars and notices dispatched at least 14 days before the meeting.

At general meetings, each substantially separate matter is proposed by way of a separate resolution, and no "bundled" resolutions are put forward. In compliance with Rule 13.39(4) of the Listing Rules, the Company specifies in its circulars that all resolutions at general meetings are to be decided by way of poll. All proxy votes are counted, and the poll results are published on the websites of the Stock Exchange and the Company on the same day.

The Company held its 2025 Annual General Meeting on 27 June 2025. All Directors (including the Chairman of the Board and the chairmen of the Board committees) and the external auditors attended the meeting and responded to shareholders' questions. The principal matters resolved at the Annual General Meeting included: approval of the audited accounts for 2024, re-election of Directors, determination of Directors' remuneration, appointment of auditors and authorization of the Board to fix their remuneration, and the granting of general mandates to the Board to issue new shares and repurchase shares. All resolutions were duly passed by shareholders. The Company's share registrar was appointed as scrutineer to monitor and count the votes cast at the meeting. The poll results, conducted on a one-share-one-vote basis, were published on the websites of the Company and the Stock Exchange.

SHAREHOLDERS' RIGHTS

Pursuant to the Articles of Association of the Company, the Board may convene an extraordinary general meeting whenever it considers appropriate. An extraordinary general meeting may also be convened upon the requisition of shareholders holding not less than one-twentieth of the paid-up capital of the Company carrying voting rights at the date of deposit of the requisition. Such requisition must be deposited at the Company's registered office, state the purpose of the meeting, and be signed by the requisitionists. The "Procedures for Shareholders to Convene Extraordinary General Meetings" are available on the Company's website.

Shareholders who wish to put forward proposals at general meetings or raise enquiries to the Board should submit their requests in writing to the Company Secretary at the following email address: comsec@casil-group.com. For enquiries relating to investor relations and media matters, shareholders and investors may contact the Company at investor.relations@casil-group.com.

CHANNELS FOR THE DISSEMINATION OF CORPORATE COMMUNICATIONS TO SHAREHOLDERS

Corporate communications of the Company include circulars to shareholders, annual report, interim report and ESG report, all of which will be published on both the websites of the Stock Exchange and the Company. Shareholders with registered email addresses will receive relevant notification by email when such corporate communications are published.

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

DIVIDEND POLICY

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

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

1. Dividend distribution by the Company is subject to the laws of Hong Kong and relevant provisions of the articles of association of the Company;
2. Dividend distribution by the Company depends on, among others, the prevailing and future operation, liquidity position and capital requirements of the Company and its subsidiaries;
3. The form, frequency, timing and amount of dividend distribution depend on the operation and profit, capital requirements and surplus, financial position and contractual constraints of the Company and its subsidiaries, as well as other factors affecting the Company and its subsidiaries, including the appropriation of dividend tax payment by subsidiaries and foreign exchange conditions, if applicable;
4. Other factors deemed fit by the Board; and
5. Dividend distribution by the Company is subject to the approval by shareholders at the general meeting.

Biographical Details of Directors

Mr Wang Hui, aged 54, Master, Researcher, is the Chairman and Executive Director of the Company, graduated from the University of Science and Technology of China in 1995 with a bachelor's degree in engineering majoring in engineering thermophysics. From 2008 to 2009, he completed postgraduate studies while on-the-job and obtained a master's degree in science majoring in space studies from the International Space University. From August 1995 to June 2022, Mr Wang Hui held such positions in the China Academy of Launch Vehicle Technology as a Director Assistant of the Planning Division of the General Operation Department, the Deputy Director of the Secretariat of the Academy Office, the Director of the Scientific Research and Planning Division of the Scientific Research and Planning Department, the Deputy Director of the Scientific Research and Planning Department, the Director of the General Planning Department, and the Vice President of the Academy. From June 2022 to July 2024, he served as the Director of the Strategic Management Department of China Aerospace Science and Technology Corporation. Mr Wang Hui has extensive experience in corporate strategy management. In July 2024, he was appointed as the Chairman and Executive Director of the Company.

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

Mr Luo Zhenbang, aged 60, is an Independent Non-Executive Director of the Company and a Director and Managing Partner of BDO China Shu Lun Pan Certified Public Accountants LLP. Mr Luo graduated from the School of Business of Lanzhou in 1991 majoring in Enterprise Management. He has been managing the audit works for many listed companies since 1994. He has served as an Expert Supervisor of China Xinda Asset Management Corporation and China Great Wall Asset Management Corporation. He was also an Independent Director of Long March Vehicle Technology Company Limited, Orient Tantalum Industry Company Limited, Wuzhong Instrument Company Limited, Shengxue Company Limited, Avic Heavy Machinery Co. Ltd., Digital China Information Service Company Ltd., Xinjiang Goldwind Science & Technology Co., Ltd. In addition, he has served as an Independent Non-Executive Director of Glory Health Industry Limited (formerly known as "Guorui Properties Limited", stock code: 2329) and Cowell e Holdings Inc. (stock code: 1415), both of which are listed on The Stock Exchange of Hong Kong. He was also an internal audit expert for Northeast Securities Company Limited, which is listed on Shenzhen Stock Exchange (stock code: 000686). He currently serves as Independent Non-Executive Director of BII Railway Transportation Technology Holdings Company Limited (formerly known as China City Railway Transportation Technology Holdings Company Limited), which is listed on The Stock Exchange of Hong Kong Limited (stock code: 1522). On 16 January 2023, Mr Luo received a warning letter dated 29 December 2022 from the Tibet Bureau of the China Securities Regulatory Commission. For details, please refer to the announcement of the Company dated 18 January 2023. Mr Luo possesses several professional qualifications, such as Chinese certified public accountant, certified accountant in securities and futures industry, Chinese certified assets valuer and Chinese certified tax accountant and has in-depth experience in accounting, auditing and financial management. He is familiar with the audit of listed companies from various sectors and extensively participates in corporate restructuring for listing, listed company restructure and other business consultation services. He was appointed as an Independent Non-Executive Director of the Company in December 2004.

Ms Chen Jingru, aged 61, Master of Law, is an Independent Non-Executive Director of the Company and a global partner of DeHeng Law Offices. Ms Chen obtained a Bachelor's degree majoring in law in 1985 and a Master's degree majoring in law in 1990 from Nankai University. Ms Chen was awarded her professional qualification as a lawyer conferred by the Lawyer Qualification Committee of the PRC Ministry of Justice in 1993. She served as Deputy Officer of the Comprehensive Teaching and Research Office of the Insurance Department of the Central Institute of Finance and Economics (now known as Central University of Finance and Economics), Director of the Beijing Insurance Association, Director of the China Maritime Law Association, Deputy Officer of the Law Department of the Central University of Finance and Economics, and Member of the Third GEM Issuance Examination Committee of the China Securities Regulatory Commission. From May 2011 to January 2014, Ms Chen was an Independent Director of Cloud Live Technology Group Co., Ltd. (stock code: 002306) listed on the Shenzhen Stock Exchange. Ms Chen was an Independent Non-Executive Director of Glory Health Industry Limited from July 2014 to November 2022, shares of which are listed on The Stock Exchange of Hong Kong (stock code: 2329) and the external internal auditor of BOC International (China) Co., Ltd. (stock code: 601696) from October 2019 to October 2022, shares of which are listed on the Shanghai Stock Exchange. In 2015, Ms Chen was given a warning and an administrative fine by China Securities Regulatory Commission. For details, please refer to the announcement of the Company dated 6 September 2022. Ms Chen has been working in DeHeng Law Offices since 1993. She has extensive experience in the corporate and securities aspects. She was appointed as an Independent Non-Executive Director of the Company in August 2022.

Ms Xue Lan, aged 60, is an Independent Non-Executive Director of the Company, graduated from Renmin University of China with bachelor's degree in history in 1986 and master degree in economics in 1996. She obtained an EMBA degree from the Guanghua School of Management of Peking University in 2001. From August 1986 to December 1988, Ms Xue served as an Assistant Archivist at the Archives of the Ministry of Foreign Affairs of the People's Republic of China. From December 1988 to May 1992, she served as the Deputy Consul at the Consulate General of the People's Republic of China in Sydney, Australia. Ms Xue joined the Securities Association of China as the Director of the International Department from December 1992 to August 1997. She served as the General Manager of the International Business Department at China Securities Co., Ltd. from August 1997 to December 2005. From December 2005 to August 2006, she served as the General Manager of the International Business Department at CSC Financial Co., Ltd. (shares of which are listed on The Stock exchange of Hong Kong (stock code: 6066) and Shanghai Stock Exchange (stock code: 601066)). Ms Xue held the positions of Director and General Manager at Financial Products Department, BOC International Holdings Limited from August 2006 to March 2014. From March 2014 to March 2018, she served as the Chief Operating Officer of Huatai Financial Holdings Ltd. During March 2018 to December 2025, Ms Xue held such positions respectively as the Chief Operating Officer at China Securities (International) Finance Holding Co., Ltd. and as Director of several of its subsidiaries, including but not limited to CSC Insurance Broker Limited, CSCIF China Limited, CSCIF Hong Kong Limited, China Securities (International) Finance Company Limited, CSCIF Asia Limited (Bond Codes: CSCIF A N2508, N2406, N2504, N2604), China Securities City Development Equity Investment Asset Management (Shenzhen) Company Limited; and the Director and a Responsible Officer of China Securities (International) Brokerage Company Limited in respect of types 1 (dealing in securities), 2 (dealing in futures contracts), 4 (advising on securities), and 5 (advising on futures contracts) regulated activities under the Securities and Futures Ordinance; and a Responsible Officer of China Securities (International) Asset Management Co. Ltd in respect of types 1 (dealing in securities) and 9 (asset management) regulated activities under the Securities and Futures Ordinance. Ms Xue holds licenses as a responsible officer registered with the Securities and Futures Commission of Hong Kong for types 1 (dealing in securities), 2 (dealing in futures contracts), 4 (advising on securities), 5 (advising on futures contracts), and 9 (asset management) regulated activities. Ms Xue has extensive experience and knowledge in the financial sector. She was appointed as an Independent Non-Executive Director of the Company in March 2024.

Biographical Details of Directors

Mr Teng Fangqian, aged 63, Researcher, is a Non-Executive Director of the Company. He graduated from Shandong Institute of Chemical Technology with a bachelor's degree in chemical engineering and completed a postgraduate programme in corporate management at Zhongnan University of Economics and Law. He joined the Second Film Factory of the Ministry of Chemical Industry in 1983 and held such positions as the Section Head and Deputy Director of the PS plate workshop. From August 1996 to November 2012, he served as the Deputy Factory Director and Factory Director of the Second Film Factory of China Lucky Film Corporation; the General Manager of Lucky Huaguang Graphics Co., Ltd.; the Deputy General Manager of China Lucky Film Corporation and the General Manager of Lucky Huaguang Graphics Co., Ltd. From November 2012 to December 2019, he served as the Deputy General Manager of China Lucky Group Corporation and the General Manager of Lucky Huaguang Graphics Co., Ltd. and the Managing Director of China Lucky Group Corporation. During which, he was the Chairman of Baoding Lucky Innovative Materials Co., Ltd. (shares of which are listed on Shenzhen Stock Exchange (stock code: 300446)) from May 2013 to September 2015. From December 2019 to September 2022, he served as the Chairman of China Lucky Group Corporation. During which, he was the Chairman of Lucky Film Co., Ltd. (share of which are listed on Shanghai Stock Exchange (stock code: 600135)) from November 2014 to February 2020, the Executive Director of Beijing Lucky Technology Co., Ltd. from September 2015 to May 2020, the Chairman of Lucky Huaguang Graphics Co., Ltd. from September 2015 to December 2020. Mr Teng has been a Director of China Great Wall Industry Corporation and Aerospace Investment Holdings Limited since May 2023 and December 2023 respectively. Mr Teng has extensive experience in corporate management. He was appointed as a Non-Executive Director of the Company in March 2023.

Mr Peng Jianguo, aged 58, Doctor, Researcher, is a Non-Executive Director of the Company. He graduated from the National University of Defense Technology, Xi'an Jiaotong University and Northwestern Polytechnical University and obtained a bachelor's degree in engineering, a master's degree in public administration and a doctoral degree in management respectively. From July 1990 to April 2004, he held such positions as the Deputy Division Director, the Division Director of the Finance Division, and the Deputy Chief Accountant and Division Director of the Finance Division of the 11th Institute of China Aerospace. From April 2004 to March 2017, he served as the Deputy Division Director, the Division Director of Accounting and Finance Department, and the Chief Accountant and Division Director of Accounting and Finance Department of the Academy of Aerospace Propulsion Technology. From March 2017 to December 2021, he served as the Chief Accountant of the China Academy of Launch Vehicle Technology. He also served as a Director of Aerospace Science & Technology Finance Company Limited from April 2011 to March 2020, a Director of Western Metal Materials Co., Ltd. (shares of which are listed on Shenzhen Stock Exchange (stock code: 002149)) from July 2011 to April 2017, the Vice Chairman of China Chang Jiang Energy Corporation from November 2016 to August 2017, and concurrently served as a Director of Aerospace Times Real Estate Development Co., Ltd. during August 2017 and May 2019. He served as an associate-level researcher at the China Academy of Launch Vehicle Technology from December 2021 to March 2023 and has served as a Grade II Specialist of the Academy since March 2023. He has served as the Chairman of the Supervisory Board of Beijing Aerospace Medical Co., Ltd. since August 2022. He has held the positions of Chairman of the Supervisory Board of China Aerospace Investment Holdings Ltd. since January 2023, and Director of China Lucky Group Corporation since February 2023. He served as President of the Changsha Aerospace Technology Innovation Institute from July to December 2024, and as the legal representative of the Institute from July 2024 to December 2025. He served as Executive Vice President of the Hunan Branch of China Academy of Launch Vehicle Technology in December 2024 and was promoted to President in June 2025. Mr Peng has extensive experience in financial management. He was appointed as a Non-Executive Director of the Company in March 2023.

Mr Liu Yong, aged 59, Master, is a Non-Executive Director of the Company. He graduated from the Shanghai University of Finance and Economics and the Renmin University of China with a bachelor's degree in management and a master's degree in Economics respectively. From July 1989 to July 1993, he served as a Deputy Staff Member of the Financial Office and a Principal Staff Member of the Enterprise Division of the Ministry of Aeronautics and Astronautics. From July 1993 to July 1999, he held positions as a Principal Staff Member of the Enterprise Division of the Finance Department and as a Principal Staff Member of the Enterprise Division of Finance Bureau of China Aerospace Corporation. From July 1999 to May 2003, he held such positions as a Deputy Director and the Director of the Fund Accounting Division, and the Director of the Finance Division of the Finance Department of China Aerospace Science & Technology Corporation. From May 2003 to February 2009, he held such positions as the Head of Finance, Deputy Chief Accountant, and Chief Accountant of China Aerospace Times Electronics Co., Ltd. (listed on the Shanghai Stock Exchange (Stock Code: 600879)). During which, he also served as the Director of the Finance Department from January 2005 to November 2008. From February 2009 to June 2016, he held the positions of Chief Accountant at both China Academy of Space Electronics Technology and Academy of Aerospace Solid Propulsion Technology, and from April 2009 to May 2014, he also served as a Supervisor at Long March Rocket (Avionics) Technology Co., Ltd. From June 2016 to September 2021, he held such positions as the General Manager, and the Director and General Manager of Aerospace Science & Technology Finance Company Limited. From September 2021 to September 2024, he served as the Head of the Finance Department of China Aerospace Science & Technology Corporation, and since September 2024, he has been serving as a Chief Specialist in the Finance Department. Since February and March 2025, he served as the Non-Independent Director of China Satellite Communications Co.,Ltd. (Stock Code: 601698) and Beijing Shenzhou Aerospace Software Technology Co., Ltd. (Stock Code: 688562) respectively, both listed on the Shanghai Stock Exchange. Mr Liu Yong has extensive experience in financial management. He was appointed as a Non-Executive Director of the Company in February 2025.

Mr Hua Chongzhi, aged 64, Master. He graduated from Harbin Institute of Technology in 1985 with a master degree of Mechanical Engineering and from Tsinghua University with an EMBA degree in 2012, he has been working in aerospace industry field for 39 years. He had been appointed as a Deputy Director of an institute under China Aerospace Corporation in November 1994, the Deputy Director of Foreign Affairs Department of China National Space Administration in June 1996, Deputy Director of Administration Department of China Aerospace Science and Technology Corporation in July 1999 and a Director and Vice President of China Great Wall Industry Cooperation in December 2004. He was the Vice President and a Research Fellow (associate dean grade) of Shanghai Academy of Spaceflight Technology from October 2013 to August 2021. He has been a Director of China Great Wall Industry Cooperation since April 2020. He was appointed as a Non-Executive Director of the Company from April 2020 to February 2025.

Directors' Report

The Directors present this Annual Report and the audited consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

The business review of the Company and its subsidiaries is set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis" and "Corporate Governance Report" of this Annual Report. Description of the risks and uncertainties facing the Company can be found throughout this Annual Report. Discussions on the Company's environmental policies and performance, the Company's relationship with key stakeholders are covered by a separate Environmental, Social and Governance Report which is published on the websites of the Company at www.casil-group.com and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") at www.hkexnews.hk at the same time as the publication of this Annual Report. These discussions form part of this Directors' Report.

FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Company and its subsidiaries for the past five financial years are set out on page 122 of this Annual Report.

RESULTS AND APPROPRIATION

The results of the Company and its subsidiaries for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss on page 44.

Taking into account the funding requirements for future development of the Company, the Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil).

PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2025, the Company and its subsidiaries acquired plant and equipment, motor vehicles, furniture and other equipment of HK\$107,630,000, HK\$1,764,000 and HK\$71,191,000 respectively and project in progress of HK\$551,609,000 in response to the scale of the Company and its subsidiaries. Details of movements in property, plant and equipment are set out in note 14 to the consolidated financial statements.

INVESTMENT PROPERTIES

As at 31 December 2025, details of the movements in investment properties during the year are set out in note 16 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2025, the Company's reserves available for distribution to shareholders comprised the retained profits of approximately HK\$891,373,000 (2024: HK\$787,410,000).

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities. During the year ended 31 December 2025 and as at 31 December 2025, the Company did not hold any treasury shares.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, the aggregate turnover attributable to the Company and its subsidiaries' largest customer and five largest customers were 6% and 19% of the Company and its subsidiaries' consolidated turnover, respectively. The aggregate purchases attributable to the Company and its subsidiaries' five largest suppliers were less than 20% of the Company and its subsidiaries' total purchases.

BOARD OF DIRECTORS

The Directors of the Company during 2025 and up to the date of this Annual Report were as follows:

Executive Directors

Wang Hui (*Chairman*)

Song Shuqing (*President*)

Independent Non-Executive Directors

Luo Zhenbang

Chen Jingru

Xue Lan

Non-Executive Directors

Teng Fangqian

Peng Jianguo

Liu Yong (*appointed on 14 February 2025*)

Hua Chongzhi (*resigned on 14 February 2025*)

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

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

DIRECTORS OF SUBSIDIARIES

During 2025 and up to the date of this Report, the directors of subsidiaries undertakings of the Company in alphabetical order were Deng Bin, Ding Li, Fan Zhenzhen, Gao Fazhi, Gao Yuda[#], Gong Benning, Guo Xiaokui, He Xiangqing, Huang Xuanwei, Lai Jianyu, Li Baoxiang[#], Lin Jianming, Lin Zhijian, Qiu Guoling, Song Shuqing, Sun Jingguo, Tao Zhiwei, Wong Siu Fong Jenny, Xue Yongqiang*, Yang Honghui, Yang Peng*, Yu Kehu and Zhou Weibin.

[#] Resigned during 2025 or the period up to the date of this Report.

* Appointed during 2025 or the period up to the date of this Report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 31 December 2025, none of the Directors, chief executives or their associates had any beneficial or non-beneficial interests or short positions in the share capital, warrants and options of the Company or its subsidiaries or any of its associated corporations that was required to be recorded under section 352 of the Securities and Futures Ordinance (the "SFO") in the register of directors' and chief executives' interests and short positions, or as otherwise notified to the Company and the Stock Exchange pursuant to the *Model Code for Securities Transactions by Directors of Listed Issuers* in the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

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

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, the following corporations were recorded in the register kept by the Company under section 336 of the SFO as having interests in the shares or underlying shares of the Company that are required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

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

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

Save as disclosed above, as at 31 December 2025, the Company has not received any notification indicating that there are any interests or short positions in the shares or underlying shares of the Company that are required to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to section 336 of the SFO, to be entered in the register referred to therein.

LITIGATION AND ARBITRATION

As at 31 December 2025, saved as disclosed in the announcements of the Company dated 27 March 2025 and 5 June 2025 in relation to the litigation judgments and progress of the litigations between Aerospace Technology, a 60% indirect owned subsidiary of the Company, and its wholly owned subsidiary, Aerospace Property Management, and Hangke Houhai and Huabaorun, respectively; and the announcement of the Company dated 6 October 2025 in relation to the arbitration concerning CASIL Semiconductor Limited, a wholly-owned subsidiary of the Company and Metro (Suzhou) Technologies Co., Limited, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration or claim of material importance and, so far as the Directors were aware of, no litigation or arbitration or claim of material importance was pending or threatened by or against any member of the Company.

EMOLUMENT POLICY

The remuneration policy of the Company and its subsidiaries is based on the employee's qualifications, experience and performance, with reference to the current market situation. The Company and the subsidiaries will continue to strengthen the human resources management and strictly implement the performance-based appraisal system, in order to motivate employees to make continuous improvement in their individual performance and contributions to the Company.

PERMITTED INDEMNITY PROVISION

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

CONTINUING CONNECTED TRANSACTIONS

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

1. in the ordinary course of business of the Company;
2. on normal commercial terms or on terms not less favourable to the terms offered by independent third parties; and
3. in accordance with the terms of the relevant agreements or contracts, respectively, which were fair and reasonable and in the interest of the Company and its shareholders as a whole.

The Company's auditor was engaged to report on the Company and its subsidiaries' continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (*Revised*), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to *Practice Note 740, Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Company and its subsidiaries in pages 37-38 of this Annual Report in accordance with Main Board Listing Rule 14A.56.

Directors' Report

Details on related party transactions for the year ended 31 December 2025 are set out in note 38 to the consolidated financial statements. There was no connected transaction nor continuing connected transaction for the Company which has to be disclosed in accordance with the Chapter 14A of the Listing Rules during the reporting period.

List of Continuing Connected Transactions for the year ended 31 December 2025:

The Company and/or its subsidiary(ies) involved	Connected person(s)	Continuing connected transactions	Annual cap	Amount outstanding as of 31 December 2025
Shenzhen Aerospace Technology Investment Management Limited* (深圳市航天高科技投資管理有限公司) ("Aerospace Technology")	Aerospace Science & Technology Finance Company Limited* (航天科技財務有限公司) ("Aerospace Finance")	The provision of security by Aerospace Technology to Aerospace Finance for a loan in the amount of RMB1,300,000,000	N/A	RMB516,000,000 or equivalent to HK\$574,000,000

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this Annual Report, the Company has sufficient public float of not less than 25% of its issued shares as required by the Listing Rules.

CONTINUING DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

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

CHANGES IN DIRECTORS' INFORMATION

The changes in Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

Ms Xue Lan, an Independent Non-Executive Director, no longer serve as the Chief Operating Officer at China Securities (International) Finance Holding Co., Ltd. and as a director of certain of its subsidiaries with effect from 1 January 2026.

AUDITOR

Deloitte Touche Tohmatsu ("Deloitte") retired as the auditor of the Company at the 2025 Annual General Meeting (the "2025 AGM") held on 27 June 2025. PKF Hong Kong Limited was appointed as the auditor of the Company at 2025 AGM in place of the retiring auditor, Deloitte.

The consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2025 have been audited by PKF Hong Kong Limited, certified public accountants and registered public interest entity auditor.

Saved as disclosed, there have been no other changes in auditors of the Company in the preceding three years.

By order of the Board

Wang Hui

Chairman & Executive Director

Hong Kong, 26 March 2026



**TO THE SHAREHOLDERS OF
CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED**

中國航天國際控股有限公司

(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of China Aerospace International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 44 to 121, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS *(continued)***Key audit matter****How our audit addressed the key audit matter**

Valuation of investment properties — retail and office premises in the People's Republic of China other than Hong Kong (the "Mainland China")

The Group's investment properties portfolio comprises industrial premises, office premises, retail and office premises, and carparks in the Mainland China and Hong Kong. As disclosed in notes 4 and 16 to the consolidated financial statements, as at 31 December 2025, the fair value of investment properties is HK\$7,750,935,000, with a fair value loss recorded in the consolidated statement of profit or loss of HK\$590,882,000.

All the Group's investment properties are stated at fair value based on valuations performed by independent qualified professional valuers (the "Valuers"). Details of the valuation techniques and key inputs used in the valuations are disclosed in note 16 to the consolidated financial statements.

We identified the valuation of investment properties — retail and office premises in the Mainland China as disclosed in note 16 with the fair value of HK\$7,245,745,000 as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole combined with the significant judgements and estimates required in determining the fair value.

The valuations are dependent on certain key inputs that require significant management judgements and estimates, which involve comparable market transactions with adjustments for location and condition, and comparable market rents and capitalisation rate.

Our procedures in relation to the valuation of investment properties — retail and office premises in the Mainland China included:

- Obtaining the valuation report and evaluating the management's process in respect of reviewing the valuation performed by the Valuers.
- Evaluating the competence, capabilities and objectivity of the Valuers.
- Evaluating the valuation techniques and assessing the reasonableness of the key inputs used in the valuations based on available market data.
- Assessing the integrity of information provided by the management to the Valuers by comparing the details of rentals on a sample basis to the respective underlying existing lease agreements.
- Evaluating the reasonableness of the key inputs by comparing the market rents estimated by the Valuers benchmarking capitalisation rate against market data and comparing adjusted market price with comparable market transactions for comparable properties in similar location and condition on a sample basis.

OTHER INFORMATION

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Mok, Tai Wai David (practising certificate number: P08582).

PKF Hong Kong Limited

Certified Public Accountants

Hong Kong

26 March 2026

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Revenue	5	4,031,329	3,841,472
Cost of sales		(3,348,156)	(3,033,618)
Gross profit		683,173	807,854
Other income	7(a)	107,149	91,332
Other gains and losses	7(b)	45,693	(17,609)
Reversal of impairment losses/(impairment losses) on financial assets		20,536	(27,065)
Selling and distribution expenses		(60,634)	(85,631)
Administrative expenses		(421,938)	(401,471)
Research and development expenses		(188,682)	(189,661)
Fair value changes of investment properties	16	(590,882)	(299,754)
Finance costs	9	(48,409)	(53,409)
Share of results of associates		(46,880)	4,357
Share of results of joint ventures		12	134
Loss before taxation	10	(500,862)	(170,923)
Taxation	11	218,158	87,070
Loss for the year		(282,704)	(83,853)
Loss for the year attributable to:			
Owners of the Company		(165,529)	(53,307)
Non-controlling interests		(117,175)	(30,546)
		(282,704)	(83,853)
Loss per share	12		
Basic and diluted		(HK5.37 cents)	(HK1.73 cents)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Loss for the year	(282,704)	(83,853)
Other comprehensive income (expense):		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translating foreign operations		
— subsidiaries	381,967	(247,728)
— associates	10,436	(7,514)
— joint ventures	–	637
Reclassification adjustments for the cumulative exchange differences upon deregistration of a joint venture	(21,484)	(16,213)
Other comprehensive income (expense) for the year	370,919	(270,818)
Total comprehensive income (expense) for the year	88,215	(354,671)
Total comprehensive income (expense) for the year attributable to:		
Owners of the Company	117,302	(257,091)
Non-controlling interests	(29,087)	(97,580)
	88,215	(354,671)

Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	14	2,833,329	2,241,421
Right-of-use assets	15	162,322	196,624
Investment properties	16	7,750,935	7,992,128
Interests in associates	17	194,238	237,007
Interests in joint ventures	18	–	66,045
Financial assets at fair value through profit or loss (“FVTPL”)	22	84,523	107,227
Deposits paid for property, plant and equipment		39,255	88,585
Long term assets	19	31,176	24,854
		11,095,778	10,953,891
Current assets			
Inventories	20	686,379	556,372
Trade and other receivables	19	1,215,227	1,200,250
Amount due from a related party	21	644	1,358
Financial assets at FVTPL	22	2,031	1,447
Pledged bank deposits	23	36,918	39,110
Restricted bank deposits	23	3,929	31,756
Short-term bank deposits	23	433,411	342,584
Cash and cash equivalents	23	1,068,876	1,154,546
		3,447,415	3,327,423
Current liabilities			
Trade and other payables	24	1,367,663	1,307,921
Contract liabilities	25	49,358	67,145
Lease liabilities	26	25,736	36,761
Bank borrowings	27	20,557	164,251
Amount due to a joint venture	18	–	64,087
Loan from a major shareholder	28	111,235	–
Taxation payable		64,513	9,017
		1,639,062	1,649,182
Net current assets		1,808,353	1,678,241
Total assets less current liabilities		12,904,131	12,632,132

Consolidated Statement of Financial Position

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Non-current liabilities			
Lease liabilities	26	42,230	68,720
Bank borrowings	27	1,144,920	185,574
Loan from a major shareholder	28	–	106,270
Loan from a related party	29	573,970	1,057,386
Deferred taxation	30	1,938,507	2,097,893
		3,699,627	3,515,843
		9,204,504	9,116,289
Capital and reserves			
Share capital	31	1,154,511	1,154,511
Reserves		6,117,177	5,999,875
Equity attributable to owners of the Company		7,271,688	7,154,386
Non-controlling interests		1,932,816	1,961,903
		9,204,504	9,116,289

The consolidated financial statements on pages 44 to 121 were approved and authorised for issue by the Board of Directors on 26 March 2026 and are signed on its behalf by:

Wang Hui
Director

Song Shuqing
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

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

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Special capital reserve	General reserve	Translation reserve	Property revaluation reserve	Other reserves	Retained profits	Sub-total		
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000	HK\$'000	HK\$'000 (Note b)	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2025	1,154,511	14,044	150,941	(602,384)	30,523	44,926	6,361,825	7,154,386	1,961,903	9,116,289
Loss for the year	-	-	-	-	-	-	(165,529)	(165,529)	(117,175)	(282,704)
Exchange differences arising on translating foreign operations										
— subsidiaries	-	-	-	293,879	-	-	-	293,879	88,088	381,967
— associates	-	-	-	10,436	-	-	-	10,436	-	10,436
Reclassification adjustments for the cumulative exchange differences upon deregistration of a joint venture	-	-	-	(21,484)	-	-	-	(21,484)	-	(21,484)
Total comprehensive income (expense) for the year	-	-	-	282,831	-	-	(165,529)	117,302	(29,087)	88,215
Transfer to general reserve	-	-	13,583	-	-	-	(13,583)	-	-	-
At 31 December 2025	1,154,511	14,044	164,524	(319,553)	30,523	44,926	6,182,713	7,271,688	1,932,816	9,204,504

Notes:

- (a) The general reserve represents statutory surplus reserve that are non-distributable and the transfer to these reserves is determined by the board of directors of subsidiaries established in the Mainland China in accordance with the Articles of Association of the subsidiaries. Appropriations to such reserves are made out of net profit after taxation of the statutory financial statements of the Mainland China subsidiaries of the Company and the allocation basis are decided by their board of directors annually.
- (b) The other reserves represent (i) capital contribution from a major shareholder of the Company arising from acquisition of subsidiaries, (ii) the difference between the amount of non-controlling interests and fair value of consideration paid upon acquisition of additional interests in subsidiaries, and (iii) amount arising from deemed disposal of partial interest in a subsidiary without a loss of control.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
OPERATING ACTIVITIES		
Loss before taxation	(500,862)	(170,923)
Adjustments for:		
Interest income	(26,160)	(30,445)
Interest expense	48,409	53,409
Depreciation of property, plant and equipment	256,248	211,113
Depreciation of right-of-use assets	36,794	40,894
Gain on leases modification	(10,154)	–
Impairment losses (including reversals of impairment losses on financial assets)	(20,536)	27,065
Fair value changes of investment properties	590,882	299,754
Net (gain) loss from change in fair value of financial assets at FVTPL	(22,645)	15,699
(Reversal of allowance) allowance for obsolete inventories	(3,254)	1,365
Share of results of associates	46,880	(4,357)
Share of results of joint ventures	(12)	(134)
(Gain) loss on deregistration of a joint venture	(21,587)	13,712
Gain on partial disposal of interests in an associate	(25,579)	–
Loss (gain) on disposal/written off of property, plant and equipment	32	(576)
Operating cash flows before movements in working capital	348,456	456,576
Change in inventories	(100,557)	(115,006)
Change in long term assets	(5,010)	–
Change in trade and other receivables	49,036	(218,887)
Change in trade and other payables	9,510	125,805
Change in contract liabilities	(20,313)	19,028
Cash generated from operations	281,122	267,516
Hong Kong Profits Tax refund	(835)	(387)
Mainland China Enterprise Income Tax ("EIT") refunded (paid)	40,272	(19,600)
NET CASH FROM OPERATING ACTIVITIES	320,559	247,529

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(697,247)	(527,405)
Payment for development costs incurred in respect of investment properties	–	(25,103)
Deposit paid for property, plant and equipment	–	(86,792)
Placement of short-term bank deposits	(430,393)	(351,550)
Withdrawal of short-term bank deposits	307,806	202,451
Placement of pledged bank deposits	(138,058)	(40,134)
Withdrawal of pledged bank deposits	135,384	29,320
Placement of restricted bank deposits	(98,880)	(3,817)
Withdrawal of restricted bank deposits	99,008	1,400
Deposit placed (withdrawal of deposit placed) to a related party	755	(1,118)
Repayment from a joint venture	–	5,000
Prepaid lease payments	(46)	–
Interest received	26,202	30,445
Proceeds from disposal of property, plant and equipment	1,609	4,446
Proceeds from disposal of convertible bonds	49,321	–
Proceeds from partial disposal of shares of an associate	32,249	–
Proceeds on deregistration of a joint venture	2,073	74,003
NET CASH USED IN INVESTING ACTIVITIES	(710,217)	(688,854)
FINANCING ACTIVITIES		
New bank loans raised	953,530	260,290
Repayment of bank borrowings	(177,528)	(7,634)
Repayment of loan from a related party	(517,279)	(78,707)
Repayments of lease liabilities	(24,563)	(32,401)
Interest paid	(48,463)	(44,025)
Interest paid on lease liabilities	(2,809)	(5,504)
NET CASH FROM FINANCING ACTIVITIES	182,888	92,019
NET DECREASE IN CASH AND CASH EQUIVALENTS	(206,770)	(349,306)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	1,154,546	1,509,144
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	121,100	(5,292)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR, REPRESENTING BANK BALANCES AND CASH	1,068,876	1,154,546

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. GENERAL INFORMATION

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

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

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

HKFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11 ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 19	Amendments to Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

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

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(continued)*

Amendments to HKFRS 9 and HKFRS 7 Amendments to the Classification and Measurement of Financial Instruments

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The amendments are required to be applied retrospectively, with specific exceptions.

The Group has various subsidiaries operating in jurisdictions where the electronic payment systems are not instantaneous. Upon the application of the amendments, the Group will apply the exception to derecognise financial liabilities settled via such electronic payment systems when the payment instruction is initiated. On the other hand, for the settlement by the subsidiaries' customers via electronic settlement systems, the Group can only derecognise the financial assets when cash is deposited in the bank accounts of the subsidiaries, which is different from the current accounting policies where the Group derecognise the financial assets at the date the payment instructions were initiated by the customers. As a result of the clarification made by the amendments on the derecognition of financial assets and liabilities, the Group can only derecognise financial assets and financial liabilities settled via cheques on the date the cheques have been cleared in the recipient's/creditor's bank account.

HKFRS 18 "Presentation and Disclosure in Financial Statements"

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values of the end of each reporting period, as explained in the accounting policies set out below.

Material accounting policy information

Basis of consolidation

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

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

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

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

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

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

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

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

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

Material accounting policy information *(continued)*

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting.

Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate or joint venture.

Changes in the Group's interests in associates

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

Revenue from contracts with customers

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

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

Material accounting policy information *(continued)*

Leases

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

The Group as a lessor

Classification and measurement of leases

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

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

Lease modification

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

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

Foreign currencies

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

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

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

On the disposal of a foreign operation (that is, a disposal of the Group’s entire interest in a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

Material accounting policy information *(continued)*

Employee benefits

Retirement benefits costs

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

Short-term employee benefits

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

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

Taxation

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

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

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

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

Material accounting policy information *(continued)*

Property, plant and equipment

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

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

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

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

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

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

Material accounting policy information *(continued)*

Investment properties

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

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

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

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

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

Inventories

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

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Classification and subsequent measurement of financial assets

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

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

All other financial assets are subsequently measured at FVTPL.

(i) Amortised cost and interest income

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

(ii) Financial assets at FVTPL

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

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

Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

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

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

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

The Group always recognises lifetime ECL for trade receivables and lease receivables.

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

(i) Significant increase in credit risk

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

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

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

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

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

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

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

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

Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

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

(iv) Write-off policy

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

(v) Measurement and recognition of ECL

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

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

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

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

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

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

Derecognition of financial assets

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

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Critical judgements in applying accounting policies

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

(a) Deferred taxation on investment properties

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

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

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

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

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

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

Key sources of estimation uncertainty

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

(a) Fair value of investment properties

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

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

As at 31 December 2025, the carrying amount of the Group's investment properties is HK\$7,750,935,000 (2024: HK\$7,992,128,000).

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

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

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

5. REVENUE

(i) Disaggregation of revenue

	For the year ended 31 December 2025		
	Timing for revenue recognition		
	A point in time HK\$'000	Over time HK\$'000	Total HK\$'000
Manufacturing of goods (<i>Note</i>)	3,841,161	–	3,841,161
Property management fee	–	34,710	34,710
Others	4,287	–	4,287
Revenue from contracts with customer	3,845,448	34,710	3,880,158
Leases			151,171
Total revenue			4,031,329

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

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

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For the year ended 31 December 2025

5. REVENUE *(continued)*

(ii) Performance obligations for contracts with customers

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

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

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

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

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

b) Property management fee (revenue recognised over time)

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

6. SEGMENT INFORMATION

The Group determines its operating segments based on the internal reports reviewed by the President, the chief operating decision maker ("CODM") of the Group, that are used to make strategic decisions. There are 7 reportable segments (2024: 7 reportable segments), namely Hi-Tech Manufacturing Business (including plastic products, liquid crystal display, printed circuit boards, intelligent chargers, intelligent power modules and industrial property investment) and Aerospace Service (including property investment in the S&T Plaza) which represent the major industries in which the Group is engaged.

In addition to the above reportable segments, other operating segments include property investments and management in properties other than those included in the above reportable segments and provision for other services. None of these segments met the quantitative thresholds for the reportable segment in both current and prior year. Accordingly, these were grouped in "Other Business".

6. SEGMENT INFORMATION (continued)

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

For the year ended 31 December 2025

	Revenue			Segment results HK\$'000
	External sales HK\$'000	Inter-segment sales HK\$'000	Total HK\$'000	
Hi-Tech Manufacturing Business				
Plastic products	1,749,686	45,923	1,795,609	67,309
Liquid crystal display	594,349	59,896	654,245	43,242
Printed circuit boards	1,134,339	–	1,134,339	(53,059)
Intelligent chargers	281,030	1,610	282,640	7,374
Intelligent power modules	81,757	–	81,757	(15,578)
Industrial property investment	10,324	30,897	41,221	(11,519)
	3,851,485	138,326	3,989,811	37,769
Aerospace Service				
Property investment in S&T Plaza	173,132	4,411	177,543	(490,584)
Reportable segments total	4,024,617	142,737	4,167,354	(452,815)
Elimination	–	(142,737)	(142,737)	–
Other Business	6,712	–	6,712	3,102
	4,031,329	–	4,031,329	(449,713)
Unallocated corporate income				26,978
Unallocated corporate expenses				(66,778)
Unallocated gains and losses				36,762
Share of results of associates				(46,880)
Share of results of joint ventures				12
Gain on partial disposal of interests in an associate				25,579
Gain on deregistration of a joint venture				21,587
Finance costs				(48,409)
Loss before taxation				(500,862)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. SEGMENT INFORMATION *(continued)*

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

For the year ended 31 December 2024

	Revenue			Segment results HK\$'000
	External sales HK\$'000	Inter-segment sales HK\$'000	Total HK\$'000	
Hi-Tech Manufacturing Business				
Plastic products	1,659,515	26,321	1,685,836	67,862
Liquid crystal display	650,887	306	651,193	42,364
Printed circuit boards	994,959	–	994,959	39,882
Intelligent chargers	285,266	1,123	286,389	178
Intelligent power modules	17,424	–	17,424	(30,912)
Industrial property investment	10,525	27,526	38,051	(27,963)
	3,618,576	55,276	3,673,852	91,411
Aerospace Service				
Property investment in S&T Plaza	213,746	5,148	218,894	(132,099)
Reportable segments total	3,832,322	60,424	3,892,746	(40,688)
Elimination	–	(60,605)	(60,605)	–
Other Business	9,150	181	9,331	1,248
	3,841,472	–	3,841,472	(39,440)
Unallocated corporate income				34,243
Unallocated corporate expenses				(82,196)
Unallocated gains and losses				(20,900)
Share of results of associates				4,357
Share of results of joint ventures				134
Loss on deregistration of a joint venture				(13,712)
Finance costs				(53,409)
Loss before taxation				(170,923)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment results represent the profit earned by/loss from each segment without allocation of share of results of associates, share of results of joint ventures, gain on partial disposal of interests in an associate, gain/(loss) on deregistration of a joint venture, finance costs, certain reversal of impairment losses/(impairment losses) on financial asset, unallocated gains and losses (including unallocated exchange gains (losses) and change in fair value of financial assets at FVTPL), unallocated corporate income (including interest income and other unallocated income) and unallocated corporate expenses. This is the measure reported to the CODM for the purpose of resource allocation and performance assessment.

Inter-segment sales are charged at cost-plus basis.

6. SEGMENT INFORMATION *(continued)*

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

	2025 HK\$'000	2024 HK\$'000
Segment assets		
Hi-Tech Manufacturing Business		
Plastic products	1,418,025	1,411,838
Liquid crystal display	450,626	479,336
Printed circuit boards	2,255,244	1,600,703
Intelligent chargers	251,453	242,689
Intelligent power modules	153,064	148,994
Industrial property investment	184,637	196,245
	4,713,049	4,079,805
Aerospace Service		
Property investment in S&T Plaza	7,813,931	8,039,994
Total assets for reportable segments	12,526,980	12,119,799
Other Business	105,007	108,999
Interests in associates	194,238	237,007
Interests in joint ventures	–	66,045
Unallocated assets	1,716,968	1,749,464
Consolidated assets	14,543,193	14,281,314
Segment liabilities		
Hi-Tech Manufacturing Business		
Plastic products	416,971	487,136
Liquid crystal display	109,427	124,949
Printed circuit boards	522,649	396,590
Intelligent chargers	72,826	84,197
Intelligent power modules	15,744	14,379
Industrial property investment	9,390	10,994
	1,147,007	1,118,245
Aerospace Service		
Property investment in S&T Plaza	60,982	57,052
Total liabilities for reportable segments	1,207,989	1,175,297
Unallocated liabilities	4,130,700	3,989,728
Consolidated liabilities	5,338,689	5,165,025

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For the year ended 31 December 2025

6. SEGMENT INFORMATION *(continued)*

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

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

- all assets are allocated to operating and reportable segments other than cash and cash equivalents, short-term bank deposits, restricted bank deposits, pledged bank deposits, amount due from a related party, financial assets at FVTPL, interests in joint ventures, interests in associates, and the other unallocated assets; and
- all liabilities are allocated to operating and reportable segments other than taxation payable, deferred taxation, loan from a major shareholder, loan from a related party, bank borrowings, amount due to a joint venture and the other unallocated liabilities.

(c) Other segment information

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

2025

	Capital additions HK\$'000	Depreciation and amortisation HK\$'000	Fair value loss on investment properties HK\$'000	(Gain) loss on disposal/ written off of property, plant and equipment HK\$'000	(Reversal of impairment losses) losses on financial assets HK\$'000	(Reversal of allowance for obsolete inventories) allowance HK\$'000
Hi-Tech Manufacturing Business						
Plastic products	113,754	85,893	-	(581)	-	13
Liquid crystal display	7,937	28,240	-	244	(5,930)	856
Printed circuit boards	603,924	115,062	-	177	117	(1,708)
Intelligent chargers	8,655	5,462	-	274	146	(2,415)
Intelligent power modules	11,180	13,173	-	-	-	-
Industrial property investment	3,360	27,341	10,461	(84)	-	-
	748,810	275,171	10,461	30	(5,667)	(3,254)
Aerospace Service						
Property investment in S&T Plaza	103	9,718	573,792	2	7,877	-
Reportable segments total	748,913	284,889	584,253	32	2,210	(3,254)
Other Business	1,332	3	6,629	-	(785)	-
Unallocated	-	8,150	-	-	(21,961)	-
Total	750,245	293,042	590,882	32	(20,536)	(3,254)

6. SEGMENT INFORMATION *(continued)*

(c) Other segment information *(continued)*

2024

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

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For the year ended 31 December 2025

6. SEGMENT INFORMATION *(continued)*

(d) Geographical information

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

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

	Revenue from external customers		Non-current assets	
	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong, China	1,718,024	1,784,353	148,250	236,816
Mainland China	1,991,694	1,839,928	10,631,478	10,403,207
Overseas	321,611	217,191	231,527	206,641
	4,031,329	3,841,472	11,011,255	10,846,664

Information about major customers

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

7. OTHER INCOME, AND OTHER GAINS AND LOSSES

(a) Other income

	2025	2024
	HK\$'000	HK\$'000
The Group's other income mainly comprises:		
Interest income	26,160	30,445
Sales of scrap materials	61,629	31,029
Government subsidies (<i>Note</i>)	4,022	15,147

Note: During the year, the Group received government grants of HK\$4,022,000 (2024: HK\$15,147,000) in aggregate from various PRC government authorities as an incentive for business development including infrastructure improvement. Out of the aggregated amount, HK\$9,816,000 (2024: HK\$9,378,000) are to be amortised and released to profit or loss on a systematic basis over the useful lives of the related assets as it is related to the specific assets. During the year, HK\$1,992,000 (2024: HK\$1,580,000) of the grants have been released to profit or loss. For the remaining amount, there were no specific conditions attached to the grants and the Group recognised the grants upon receipts.

7. OTHER INCOME, AND OTHER GAINS AND LOSSES *(continued)*

(b) Other gains and losses

	2025 HK\$'000	2024 HK\$'000
The Group's other gains and losses comprise:		
Gain (loss) on deregistration of a joint venture	21,587	(13,712)
Gain on partial disposal of interests in an associate	25,579	–
Net exchange (loss) gain	(34,716)	11,226
Net gain (loss) from change in fair value of financial assets at FVTPL	22,645	(15,699)
Net (loss) gain on disposal/written off of property, plant and equipment	(32)	576
Reversal of provision for litigation <i>(Note)</i>	10,630	–

Note: During the year ended 31 December 2025, the legal disputes with a third party were settled and the provision made in prior year is reversed upon settlement.

8. DIRECTORS' AND HIGHEST PAID INDIVIDUALS' EMOLUMENTS

(a) Directors' emoluments

The emoluments paid or payable to each of the 9 (2024: 10) directors are as follows:

	Executive directors		Non-executive directors				Independent non-executive directors			2025 Total HK\$'000
	Wang Hui HK\$'000	Song Shuqing HK\$'000	Hua Chongzhi ¹ HK\$'000	Teng Fangqian HK\$'000	Peng Jianguo HK\$'000	Liu Yong ² HK\$'000	Luo Zhenbang HK\$'000	Chen Jingru HK\$'000	Xue Lan HK\$'000	
Directors' fees										
Executives	–	–	–	–	–	–	–	–	–	–
Non-executives (excluding independent non-executives)	–	–	11	86	–	–	–	–	–	97
Independent non-executives	–	–	–	–	–	–	190	190	190	570
	–	–	11	86	–	–	190	190	190	667
Other emoluments										
Salaries and other benefits	1,320	1,320	3	13	–	–	118	138	58	2,970
Bonuses	211	502	–	–	–	–	–	–	–	713
Contributions to retirement benefits scheme	265	215	–	–	–	–	–	–	–	480
	1,796	2,037	3	13	–	–	118	138	58	4,163
Total emoluments	1,796	2,037	14	99	–	–	308	328	248	4,830

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

(a) Directors' emoluments (continued)

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

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

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

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

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

* Appointed on 14 February 2025

^ Resigned on 14 February 2025

* Appointed on 23 July 2024

** Resigned on 23 July 2024

^^ Appointed on 26 March 2024

** Resigned on 26 March 2024

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

(b) Highest paid individuals' emoluments

During the year, the five highest paid individuals included two directors (2024: two directors), details of whose emoluments are set out above. The emoluments of the remaining three (2024: three) highest paid individuals are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other benefits	1,838	1,783
Bonuses <i>(Note)</i>	4,681	7,135
Contributions to retirement benefits scheme	51	73
	6,570	8,991

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

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

Emoluments band	Number of individuals	
	2025	2024
HK\$3,000,001 to HK\$3,500,000	–	2
HK\$2,500,001 to HK\$3,000,000	1	–
HK\$2,000,001 to HK\$2,500,000	2	1

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

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9. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest expenses on		
— bank loans	15,765	4,314
— loan from a major shareholder	5,475	5,543
— loan from a related party	24,360	38,048
— lease liabilities	2,809	5,504
	48,409	53,409

10. LOSS BEFORE TAXATION

	2025 HK\$'000	2024 HK\$'000
Loss before taxation has been arrived at after crediting:		
Auditors' remuneration		
— Audit services	2,702	2,988
— Non-audit services	—	788
Cost of inventories charged to profit or loss including allowance written back for obsolete inventories of HK\$3,254,000 (2024: allowance of HK\$1,365,000)	3,304,155	2,996,740
Depreciation of property, plant and equipment (<i>Note</i>)	256,248	211,113
Depreciation of right-of-use assets (<i>Note</i>)	36,794	40,894
Staff costs, including directors' remuneration (<i>Note</i>)	832,797	839,757
Gross rental income from investment properties	(151,171)	(182,182)
Less: Direct operating expenses for investment properties that generated rental income during the year	8,920	9,086
	(142,251)	(173,096)

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

11. TAXATION

The tax charge (credit) for the year comprises:

	2025 HK\$'000	2024 HK\$'000
Current tax:		
Hong Kong Profits Tax	5,453	1,779
Mainland China EIT	11,113	21,269
	16,566	23,048
Overprovision in prior years:		
Hong Kong Profits Tax	15	(143)
Mainland China EIT	(1,719)	(55,972)
	(1,704)	(56,115)
Deferred tax credit (<i>Note 30</i>)	(233,020)	(54,003)
	(218,158)	(87,070)

Notes to the Consolidated Financial Statements

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11. TAXATION (continued)

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

	2025 HK\$'000	2024 HK\$'000
Loss before taxation	(500,862)	(170,923)
Tax at applicable income tax*	(125,216)	(42,731)
Tax effect of share of results of associates	11,720	(1,089)
Tax effect of share of results of joint ventures	(3)	(34)
Tax effect of expenses not deductible for tax purpose	15,562	852
Tax effect of income not taxable for tax purpose	(49,467)	(18,886)
Tax effect of deductible temporary difference not recognised	196	1,844
Tax effect of derecognition of deductible temporary difference previously recognised	–	55,971
Land appreciation tax	(114,903)	(53,445)
Tax effect of land appreciation tax deductible for Mainland China EIT	28,726	13,361
Super Deduction for research and development expenses	(18,639)	(21,180)
Tax effect of tax losses not recognised	32,852	39,358
Utilisation of tax losses previously not recognised	(6,398)	(1,682)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,785)	2,003
Effect of income tax on concessionary rates for certain subsidiaries	9,844	(5,429)
Overprovision in prior years	(1,704)	(56,115)
Others	1,057	132
Income tax credit for the year	(218,158)	(87,070)

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

Hong Kong Profits Tax for both years is calculated at 16.5% of the estimated assessable profits for the years, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered profits tax rates regime. For this subsidiary, the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Mainland China subsidiaries is 25%. Six subsidiaries (2024: four subsidiaries) of the Company operating in the Mainland China are eligible as High and New Technology Enterprise and the income tax rate of these subsidiaries is 15%.

The overprovision in the year 2024 mainly represents a refund of Mainland China EIT on the rental income, damages, compensation and litigation fees in relation to the leases with two major tenants of S&T Plaza in prior years.

11. TAXATION *(continued)*

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

According to relevant laws and regulations promulgated by the State Tax Bureau of the Mainland China that was effective from 2008 onwards, enterprise engaging in research and development activities are entitled to claim 200% (2024: 200%) of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year ("Super Deduction").

Details of deferred taxation are set out in note 30.

12. LOSS PER SHARE

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

	2025 HK\$'000	2024 HK\$'000
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic and diluted loss per share	165,529	53,307
	2025 Number of shares	2024 Number of shares
Number of shares		
Number of ordinary shares for the purpose of basic and diluted loss per share	3,085,022,000	3,085,022,000

The computation of diluted loss per share did not assume the conversion of the outstanding convertible loan notes issued by an associate since their exercise would result in decrease in loss per share for the years 2025 and 2024.

13. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2025 (2024: Nil) nor has any dividend been proposed since the end of the reporting period (2024: Nil).

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14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings in Hong Kong HK\$'000	Leasehold land and buildings outside Hong Kong HK\$'000	Plant and equipment HK\$'000	Motor vehicles HK\$'000	Furniture and office equipment HK\$'000	Construction in progress HK\$'000	Total HK\$'000
COST							
At 1 January 2024	76,875	1,022,557	1,630,560	28,899	477,014	296,532	3,532,437
Exchange realignment	–	(40,029)	(61,492)	(759)	(17,463)	(12,549)	(132,292)
Additions	–	740	172,520	3,323	59,748	301,572	537,903
Disposals/written off	–	–	(23,253)	(5,043)	(1,912)	(273)	(30,481)
Transfer	–	113,785	45,035	–	12,634	(171,454)	–
At 31 December 2024	76,875	1,097,053	1,763,370	26,420	530,021	413,828	3,907,567
Exchange realignment	–	58,814	86,662	639	26,827	6,187	179,129
Additions	–	17,401	107,630	1,764	71,191	551,609	749,595
Disposals/written off	–	(4,327)	(26,772)	(2,710)	(4,169)	–	(37,978)
Transfer	–	485,431	444,236	–	6,026	(935,693)	–
At 31 December 2025	76,875	1,654,372	2,375,126	26,113	629,896	35,931	4,798,313
DEPRECIATION AND IMPAIRMENT							
At 1 January 2024	54,716	243,674	906,849	23,555	309,041	–	1,537,835
Exchange realignment	–	(11,692)	(32,850)	(494)	(11,155)	–	(56,191)
Provided for the year	1,985	36,363	122,086	1,199	49,480	–	211,113
Eliminated on disposals/written off	–	–	(19,916)	(4,996)	(1,699)	–	(26,611)
At 31 December 2024	56,701	268,345	976,169	19,264	345,667	–	1,666,146
Exchange realignment	–	15,965	44,990	531	17,070	–	78,556
Provided for the year	1,985	49,386	145,928	1,263	57,686	–	256,248
Eliminated on disposals/written off	–	(4,111)	(25,450)	(2,563)	(3,842)	–	(35,966)
At 31 December 2025	58,686	329,585	1,141,637	18,495	416,581	–	1,964,984
CARRYING VALUES							
At 31 December 2025	18,189	1,324,787	1,233,489	7,618	213,315	35,931	2,833,329
At 31 December 2024	20,174	828,708	787,201	7,156	184,354	413,828	2,241,421

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

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

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

15. RIGHT-OF-USE ASSETS

	Leasehold land HK\$'000	Leased properties HK\$'000	Total HK\$'000
As at 31 December 2025			
Carrying amount	101,233	61,089	162,322
As at 31 December 2024			
Carrying amount	102,714	93,910	196,624
For the year ended 31 December 2025			
Depreciation charge	7,402	29,392	36,794
For the year ended 31 December 2024			
Depreciation charge	7,077	33,817	40,894

	2025 HK\$'000	2024 HK\$'000
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	–	67
Expense relating to short-term leases	1,756	1,692
Total cash outflow for leases	29,128	39,664
Additions to right-of-use assets	650	16,662
Lease modifications	(7,057)	–

For both years, the Group leases various offices and warehouses for its operations in Hong Kong, Mainland China and Vietnam. Other than short-term leases, lease contracts are entered into for fixed term of 12 months to 30 years (2024: 12 months to 30 years). In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

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

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

The Group regularly entered into short-term leases for staff quarters and machineries. As at 31 December 2025 and 2024, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses.

16. INVESTMENT PROPERTIES

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

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

	2025 HK\$'000	2024 HK\$'000
FAIR VALUE		
At 1 January	7,992,128	8,536,258
Exchange realignment	349,689	(269,479)
Addition	–	25,103
Net change in fair value recognised in profit or loss	(590,882)	(299,754)
At 31 December	7,750,935	7,992,128
Unrealised loss on property revaluation included in profit or loss of current year — Investment properties	(590,882)	(299,754)

The fair values of the Group's investment properties at 31 December 2025 and 2024 have been arrived at on the basis of valuations carried out on those dates by Vigers Appraisal and Consulting Limited ("Vigers") for properties situated in Hong Kong and Knight Frank Petty Limited ("Knight Frank") for properties situated in the Mainland China. Vigers and Knight Frank are independent qualified professional valuers not connected with the Group.

16. INVESTMENT PROPERTIES (continued)

Fair value measurements and valuation processes

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

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

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

	Fair value as at 31.12.2025 HK\$'000	Fair value as at 31.12.2024 HK\$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
The Mainland China						
Industrial premises	69,076	65,517	Level 3	Income capitalisation approach The key inputs are: (1) Capitalisation rate; (2) Monthly market rent	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 7.5% per annum (2024: 7.5% per annum). Monthly rent, using direct market comparable and taking into account of age, location and individual factors such as size of property, of Renminbi ("RMB")12.11/sq.m. (2024: RMB11.3/sq.m.) on average for the base level.	The higher the capitalisation rate, the lower the fair value. The higher the monthly market rent, the higher the fair value.
Office premises and carparks	313,014	306,376	Level 3	Income capitalisation approach The key inputs are: (1) Capitalisation rate; (2) Monthly market rent	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 2.5%–6.5% per annum (2024: 4.0%–5.25% per annum). Monthly rent, using direct market comparable and taking into account of age, location and individual factors such as size of property and layout/ design, of RMB60–160/sq.m. (2024: RMB81–171/ sq.m.) on average.	The higher the capitalisation rate, the lower the fair value. The higher the monthly market rent, the higher the fair value.

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16. INVESTMENT PROPERTIES *(continued)*

Fair value measurements and valuation processes *(continued)*

	Fair value as at 31.12.2025 HK\$'000	Fair value as at 31.12.2024 HK\$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
The Mainland China <i>(continued)</i>						
Retail and office premises	7,245,745	7,486,185	Level 3	Income capitalisation approach The key inputs are: (1) Capitalisation rate; (2) Monthly market rent	Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 6.5% per annum (2024: 6.5% per annum) (retail) and 3.5% per annum (2024: 4.25% per annum) (office). Monthly market rent, using direct market comparable and taking into account of age, location and individual factors such as size of property, of RMB92–134/sq.m. (2024: RMB94–142/sq.m.) for retail and RMB178/sq.m. (2024: RMB184/sq.m.) for office.	The higher the capitalisation rate, the lower the fair value. The higher the monthly market rent, the higher the fair value.
Hong Kong						
Industrial premises	123,100	134,050	Level 3	Direct comparison method based on market observable transactions of similar properties adjusted timing of reference transactions and property-specific adjustments including nature, location and condition of the property	Adjusted market unit rate, mainly taking into account the conditions and location, of HK\$5,165/sq.m. (2024: HK\$5,928/sq.m.)	The higher the adjusted market unit rate, the higher the fair value.

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

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

17. INTERESTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Cost of investments in associates	212,383	217,487
Share of post-acquisition profits, net of dividends received	11,290	46,556
Exchange realignment	(29,435)	(27,036)
Share of net assets	194,238	237,007

Details of the Group's associates at 31 December 2025 and 2024 are as follows:

Name of associates	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Group		Principal activities
		2025 %	2024 %	
Registered and operating in the Mainland China:				
航天新商務信息科技有限公司*	RMB132,000,000	15.15	15.15	Provision of information service
航天數聯信息技術(深圳)有限公司	HK\$128,460,000	32.13	32.13	Development and sale of software and related products, and warehouse and logistic services
深圳瑞華泰薄膜科技股份有限公司 ("Shenzhen Rayitek")**	RMB135,000,000	22.55	23.38	Manufacturing and distribution of polyimide films and related composite materials

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

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

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17. INTERESTS IN ASSOCIATES *(continued)*

Summarised financial information of material associates

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

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

Shenzhen Rayitek

	2025 HK\$'000	2024 HK\$'000
Current assets	479,544	405,240
Non-current assets	2,329,040	2,319,465
Current liabilities	(806,200)	(1,037,829)
Non-current liabilities	(1,320,665)	(823,394)
Revenue	417,632	369,743
(Loss) profit and total comprehensive (expense) income for the year	(215,999)	1,360

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

	2025 HK\$'000	2024 HK\$'000
Net assets of Shenzhen Rayitek	681,719	863,482
Proportion of the Group's ownership interest in Shenzhen Rayitek	22.55%	23.38%
Carrying amount of the Group's interest in Shenzhen Rayitek*	153,728	201,882

* The market value of the Group's interest in Shenzhen Rayitek is determined based on the quoted market bid price multiplied by the quantity of shares held by the Group, amounting to HK\$1,016,407,000 (2024: HK\$549,629,000).

17. INTERESTS IN ASSOCIATES *(continued)*

Aggregate information of associates that are not individually material

	2025 HK\$'000	2024 HK\$'000
The Group's share of profit and total comprehensive income for the year	3,620	4,039
Aggregate carrying amount of the Group's interests in these associates	40,510	35,125

During the year ended 31 December 2025, the Group has disposed of a total of 1,490,000 Shenzhen Rayitek shares (representing approximately 0.83% of Shenzhen Rayitek's total issued share capital) in the open market for proceeds of RMB28,784,000 (equivalent to approximately HK\$32,249,000) in aggregate.

The Group accounted for the remaining 22.55% interest as interests in associates. The gain on partial disposal of Shenzhen Rayitek share is set out below.

	HK\$'000
Proceeds on disposal	32,249
Less: carrying amount of the disposal interests	(6,670)
Gain on disposal	25,579

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

Interests in joint ventures

	2025 HK\$'000	2024 HK\$'000
Cost of unlisted investments in joint ventures	–	66,149
Share of post-acquisition losses	–	(104)
	–	66,045

Amount due to a joint venture

	2025 HK\$'000	2024 HK\$'000
Amount due to a joint venture	–	64,087

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

Details of the Group's joint ventures at 31 December 2025 and 2024 are as follows:

Name of joint ventures	2025		2024		Principal activities
	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Group %	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Group %	
<i>Incorporated and operating in Hong Kong:</i>					
China Aerospace New World Technology Limited ("Aerospace New World")	N/A	N/A	HK\$30,000,000	50	Investment holding

On 19 December 2025, the deregistration process of Aerospace New World has been completed. Upon deregistration of Aerospace New World, proceeds in the aggregate of HK\$66,160,000 was received (including HK\$2,073,000 received in the current year and HK\$64,087,000 received in previous years and recognised as amount due to a joint venture). This deregistration resulting in a gain of HK\$21,587,000, after taking into account of the reclassification adjustments for the cumulative exchange differences of HK\$21,484,000.

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

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

Summarised financial information of material joint ventures

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

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

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

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

Aerospace New World

	2025 HK\$'000	2024 HK\$'000
Current assets	N/A	132,480
Current liabilities	N/A	(390)
The above amounts of assets include the following:		
Cash and cash equivalents	N/A	4,515

	2025 HK\$'000	2024 HK\$'000
Other income	6	234
Profit (loss) and total comprehensive income (expense) for the year	24	(208)

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

	2025 HK\$'000	2024 HK\$'000
Interest income	6	233
Income tax credit	–	171

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

	2025 HK\$'000	2024 HK\$'000
Net assets of Aerospace New World	N/A	132,090
Proportion of the Group's ownership interest in Aerospace New World	N/A	50%
Carrying amount of the Group's interest in Aerospace New World	N/A	66,045

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19. TRADE AND OTHER RECEIVABLES AND LONG TERM ASSETS

	2025 HK\$'000	2024 HK\$'000
Trade receivables from contracts with customers		
— Hi-Tech Manufacturing Business	1,070,494	1,045,549
— Aerospace Service	49,185	51,319
	1,119,679	1,096,868
Less: Allowance for credit losses	(59,931)	(75,714)
	1,059,748	1,021,154
Lease receivables		
— billed	52,409	57,492
— unbilled	31,176	24,854
	83,585	82,346
Less: Allowance for credit losses	(51,884)	(52,097)
	31,701	30,249
Total trade receivable for contracts with customers and lease receivables	1,091,449	1,051,403
Other receivables, deposits and prepayment	191,327	220,504
Less: Allowance for credit losses	(36,373)	(46,803)
	154,954	173,701
Total trade and other receivables	1,246,403	1,225,104
Current	1,215,227	1,200,250
Non-current as long term assets	31,176	24,854
	1,246,403	1,225,104

The Group allows an average credit period of 30 to 120 days to its trade customers. No credit period was granted to tenants of rental of premises. Receivables are unsecured and interest-free.

As at 1 January 2024, trade receivables arising from contracts with customers amounted to HK\$899,827,000.

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

The following is an aged analysis of trade receivables arising from contracts with customers, net of allowance for credit losses, presented based on invoice date at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Within 90 days	929,602	912,575
Between 91–180 days	114,232	90,035
Between 181–365 days	15,914	18,544
	1,059,748	1,021,154

As at 31 December 2025, included in the Group's trade receivables arising from contracts with customers is bills received amounting to HK\$120,770,000 (2024: HK\$82,489,000) which are held by the Group for future settlement of trade receivables. All bills received by the Group are with a maturity period of less than one year.

As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$99,070,000 (2024: HK\$98,241,000) which are past due as at the reporting date. Out of the past due balances, HK\$16,453,000 (2024: HK\$19,592,000) has been past due 90 days or more and is not considered as in default. The Group considers the information developed internally or obtained from external sources and considered that the debtor is likely to pay its creditors, including the Group, and the past due balances are therefore, not considered as in default.

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

The following is the aged analysis of billed lease receivables, net of allowance for credit losses, presented based on invoice date which are also past due balances at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Within 90 days	525	5,395

Included in the Group's other receivables, deposits and prepayments at 31 December 2025 is value-added tax recoverable of HK\$124,339,000 (2024: HK\$94,627,000).

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

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20. INVENTORIES

	2025 HK\$'000	2024 HK\$'000
Raw materials	193,408	193,644
Work-in-progress	140,534	173,847
Finished goods	352,437	188,881
	686,379	556,372

21. AMOUNT DUE FROM A RELATED PARTY

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

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

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$'000	2024 HK\$'000
Convertible bonds	84,523	107,227
Equity securities — listed in Hong Kong	2,031	1,447
	86,554	108,674
Analysed as:		
Current assets	2,031	1,447
Non-current assets	84,523	107,227
	86,554	108,674

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

During the year ended 31 December 2025, the Group disposed of RYT CB with an aggregate principal amount of RMB40,449,000 (equivalent to approximately HK\$43,681,000) in the open market at a total consideration of approximately RMB45,671,000 (equivalent to approximately HK\$49,321,000).

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

Cash and cash equivalents include short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 1.18% to 3.67% (2024: 1.30% to 5.24%) per annum.

The Group's bank deposits amounting to HK\$36,918,000 (2024: HK\$39,110,000) have been pledged to secure general banking facilities of the Group.

The Group's bank deposits amounting to HK\$3,929,000 (2024: HK\$31,756,000) are restricted due to the involvement in a litigation regarding contract dispute for which the court ruled in favour of the third party but the Group filed an appeal. The litigation is still in progress.

At 31 December 2025, short-term bank deposits with maturity more than three months but less than one year carry fixed interest rates which range from 1.18% to 3.67% (2024: 1.30% to 5.24%) per annum.

At 31 December 2025, bank balances and pledged bank deposits carry interest at prevailing market rates which range from 0.001% to 4.37% (2024: 0.001% to 0.2%) per annum.

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

24. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables	725,595	638,870
Accrued charges and provisions	87,451	97,205
Accrued salaries and wages and others	159,322	148,869
Refundable deposits received	51,169	52,242
Other payables	344,126	370,735
	1,367,663	1,307,921

Other payables included an amount of HK\$54,000,000 (2024: HK\$54,000,000) received on behalf of CASC, payables with respect to development costs for investment properties of HK\$4,756,000 (2024: HK\$5,710,000) and payables for acquisition of property, plant and equipment of HK\$65,834,000 (2024: HK\$65,396,000).

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24. TRADE AND OTHER PAYABLES *(continued)*

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

	2025 HK\$'000	2024 HK\$'000
Within 90 days	717,922	619,928
Between 91–180 days	7,673	18,942
	725,595	638,870

25. CONTRACT LIABILITIES

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

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

As at 1 January 2024, contract liabilities amounted to HK\$50,258,000.

During the year ended 31 December 2025, revenue recognised in current year of HK\$67,145,000 (2024: HK\$50,258,000) was included in the contract liability balance at the beginning of the year.

26. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within one year	25,736	36,761
Within a period of more than one year but not more than two years	24,532	32,529
Within a period of more than two years but not more than five years	14,702	30,750
Within a period of more than five years	2,996	5,441
	67,966	105,481
Less: Amount due for settlement within 12 months shown under current liabilities	(25,736)	(36,761)
	42,230	68,720

The incremental borrowing rates applied to lease liabilities range from 2.91% to 5.8% (2024: from 2.91% to 5.8%) per annum.

27. BANK BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Bank borrowings	1,165,477	349,825
Less: Amount due within one year included in current liabilities	(20,557)	(164,251)
Amount due after one year	1,144,920	185,574
The carrying amounts of the above bank loans are repayable*:		
Within one year	20,557	164,251
Within a period of more than one year but not exceeding two years	15,573	15,276
Within a period of more than two years but not exceeding five years	81,817	98,565
More than five years	1,047,530	71,733
	1,165,477	349,825

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

The loans carry interest at 1-year loan prime rate published by the National Interbank Funding Center plus a margin per annum and are repayable for a period of 1 to 10 years (2024: 1-10 years). The effective interest rates are ranged from 2.11% to 2.80% (2024: 2.25% to 3.40%) per annum.

The bank borrowings of HK\$531,702,000 (2024: HK\$98,300,000) are secured by the Group's investment properties with a valuation of RMB1,589,187,000.

During the year ended 31 December 2025, the Group entered into a syndicated loan agreement with several banks in the Mainland China for RMB1,000,000,000 with a term of 8 years. As at 31 December 2025, the subsidiary drawn down RMB463,729,000 (equivalent to approximately HK\$515,828,000). The loan carries interest at 80 basis point below the 5-year loan prime rate per annum published by the National Interbank Funding Centre of the People's Bank of China. These proceeds were used to finance the construction of the integrated circuit packaging substrate plant construction project of the Group. The loan is secured by the Group's land use right and buildings with carrying amounts of approximately RMB486,026,000 (equivalent to approximately HK\$540,630,000) at 31 December 2025 and the effective interest rates is 2.8%.

The remaining bank borrowings are unsecured.

28. LOAN FROM A MAJOR SHAREHOLDER

As at 31 December 2025 and 2024, the loan from a major shareholder is unsecured, interest-bearing at a fixed rate of 5% per annum and repayable in 2026.

29. LOAN FROM A RELATED PARTY

The amount represents loan from Aerospace Finance. The amount is secured, interest bearing at variable interest rate at 2.80% (2024: 3.40%) per annum, which is determined by the People's Bank of China Benchmark Rate, and is repayable in 2028 and 2033 (note 38(a)) and are classified as non-current liabilities.

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30. DEFERRED TAXATION

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

	Accelerated tax depreciation HK\$'000	Revaluation of investment properties HK\$'000	Accrued rent HK\$'000 <i>(Note 1)</i>	Right-of-use assets HK\$'000	Lease liabilities HK\$'000	Others HK\$'000 <i>(Note 2)</i>	Total HK\$'000
At 1 January 2024	(111)	2,299,654	5,269	30,556	(30,556)	(81,716)	2,223,096
Exchange realignment	156	(72,364)	(220)	(872)	872	1,228	(71,200)
(Credit) charge to profit or loss for the year <i>(note 11)</i>	578	(112,570)	1,856	(5,313)	5,313	56,133	(54,003)
At 31 December 2024	623	2,114,720	6,905	24,371	(24,371)	(24,355)	2,097,893
Exchange realignment	–	68,666	(711)	(6,394)	6,992	5,081	73,634
(Credit) charge to profit or loss for the year <i>(note 11)</i>	(589)	(231,497)	1,188	(7,966)	6,850	(1,006)	(233,020)
At 31 December 2025	34	1,951,889	7,382	10,011	(10,529)	(20,280)	1,938,507

Notes:

- (1) The amount represents the temporary differences arising from accrued rent.
- (2) The amount mainly represents temporary differences arising from allowances for credit losses.

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

As at 31 December 2025, the Group has unused tax losses of HK\$1,431 million (2024: HK\$1,218 million) available to offset against future profits. No deferred tax asset has been recognised in respect of the tax losses of approximately HK\$1,327 million (2024: HK\$1,218 million) due to the unpredictability of future profit streams. Included in the unrecognised tax losses, HK\$912 million (2024: HK\$917 million) may be carried forward indefinitely and the remaining balance will expire at various dates up to the end of 2035 (2024: expire at various dates up to the end of 2034).

At the end of the reporting period, the Group has the deductible temporary difference of HK\$263 million (2024: HK\$174 million). Deferred tax asset of HK\$97 million (2024: HK\$93 million) has been recognised in respect of such deductible temporary difference. No deferred tax asset has been recognised in respect of remaining deductible temporary difference of HK\$166 million (2024: HK\$81 million) as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred taxation has not been recognised in respect of the temporary differences attributable to the undistributed retained profits earned by the subsidiaries in the Mainland China amounting to approximately HK\$5,002 million (2024: HK\$5,244 million) starting from 1 January 2008 under the EIT Law of the Mainland China that requires withholding tax upon the distribution of such profits to the non-Mainland China shareholders as the directors are of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

31. SHARE CAPITAL

	HK\$'000
Issued and fully paid:	
At 1 January 2024, 31 December 2024 and 31 December 2025	
— 3,085,021,882 ordinary shares with no par value	1,154,511

32. PLEDGE OF OR RESTRICTION ON ASSETS

Pledged of assets

At 31 December 2025, bank deposits of HK\$36,918,000 (2024: HK\$39,110,000), bills held for future settlement of trade receivables of HK\$99,909,000 (2024: HK\$82,489,000) and investment properties of approximately HK\$3,521,975,000 (2024: HK\$2,203,295,000) were pledged to banks and Aerospace Finance to secure general banking facilities granted to the Group.

As at 31 December 2025, the Group issued financial guarantees to a bank in respect of banking facilities granted to a subsidiary. The aggregate amounts that could be required to be paid is RMB464,000,000 (equivalent to HK\$516,129,000) (2024: RMB310,000,000 (equivalent to HK\$329,437,000)) if the guarantees were called upon in entirety, of which full amount of the relevant banking facilities has been utilised by its subsidiary. The Group considers the fair value of the contract is nil at initial recognition and the loss allowance as at 31 December 2025 and 2024 are insignificant.

At 31 December 2025, the Group's land use right and buildings with carrying amounts of approximately RMB486,026,000 (equivalent to approximately HK\$540,630,000) were pledged to banks to secure the loan facilities granted to the Group. (2024: Nil)

Restriction on assets

In addition, lease liabilities of HK\$67,966,000 (2024: HK\$105,481,000) are recognised with related right-of-use assets of HK\$61,089,000 (2024: HK\$93,910,000) as at 31 December 2025. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor and the relevant leased assets may not be used as security for borrowing purposes.

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

33. CAPITAL COMMITMENTS

	2025 HK\$'000	2024 HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
— acquisition of property, plant and equipment	298,260	437,360

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34. OPERATING LEASES ARRANGEMENTS

The Group as lessor

The properties held by the Group for rental purposes have committed lessees for the next one to fifteen years (2024: one to ten years) and rent-free periods have been granted to certain tenants with accrued lease receivables disclosed in note 19.

At 31 December 2025, minimum lease payment receivables are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	163,302	145,516
In the second year	149,692	96,114
In the third year	123,566	85,076
In the fourth year	96,885	71,632
In the fifth year	84,250	58,503
Over five years	382,415	138,764
	1,000,110	595,605

35. RETIREMENT BENEFIT SCHEMES

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

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

The total cost charged to the consolidated statement of profit or loss of HK\$25,831,000 (2024: HK\$30,220,000) represents contribution to the schemes by the Group at the rates specified in the rules of the schemes. At 31 December 2025 and 2024, no forfeited contributions are available to reduce the contribution payable in future years.

36. CAPITAL RISK MANAGEMENT

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

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

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

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Financial assets at FVTPL	86,554	108,674
Financial assets at amortised cost	2,558,107	2,589,054
Financial liabilities		
Financial liabilities at amortised cost	2,823,410	2,469,591

(b) Financial risk management objectives and policies

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

Market risk

Interest rate risk

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

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

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rate risk for bank borrowings and loan from a related party. The analysis is prepared assuming the stipulated changes taking place at the beginning of the financial year and held constant throughout the reporting period. A 50-basis-point (2024: 50-basis-point) increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2025 would have increased/decreased by HK\$6,523,000 (2024: HK\$5,277,000).

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For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk *(continued)*

Price risk

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

Sensitivity analysis

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

If the prices of the financial assets at FVTPL had been 10% (2024: 10%) higher/lower, the Group's loss for the year ended 31 December 2025 would have decreased/increased by HK\$8,655,000 (2024: HK\$10,867,000) as a result of the changes in fair value of the financial assets at FVTPL.

Foreign currency risk

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

Credit risk and impairment assessment

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

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

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

37. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment *(continued)*

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

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

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For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment *(continued)*

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

	External credit rating	Internal credit rating	12m or lifetime ECL	2025		2024	
				Gross carrying amount HK\$'000	Gross carrying amount HK\$'000	Gross carrying amount HK\$'000	Gross carrying amount HK\$'000
Financial assets at amortised cost							
Pledged bank deposits	BB+ to BBB-	N/A	12m ECL	36,918			39,110
Restricted bank deposits	BBB-	N/A	12m ECL	3,929			31,756
Short-term bank deposits	BBB- to BBB	N/A	12m ECL	433,411			342,584
Bank balances	BBB- to A+	N/A	12m ECL	1,068,876			1,154,456
Other receivables	N/A	Loss (Note 1)	Lifetime ECL (credit-impaired)	36,373			46,803
Trade receivables							
Trade receivables — contracts with customers (Note 2)							
Individual assessment							
(i) Trade receivables backed by bills	BB+ to A+ (Note 3)	Strong	Lifetime ECL (not credit-impaired)	120,770			82,489
(ii) Trade receivables — Hi-Tech Manufacturing	N/A	Strong	Lifetime ECL (not credit-impaired)	447,479			443,652
		Loss	Lifetime ECL (credit-impaired)	19,540			19,990
(iii) Trade receivables — Aerospace Service	N/A	Satisfactory	Lifetime ECL (not credit-impaired)	—			1,160
		Loss	Lifetime ECL (credit-impaired)	49,185	516,204	50,159	514,961
Collective assessment							
(i) Trade receivables — Hi-Tech Manufacturing	N/A	Strong	Lifetime ECL (not credit-impaired)	433,499			444,505
		Satisfactory	Lifetime ECL (not credit-impaired)	49,206	482,705	54,913	499,418
Other item							
Lease receivables	N/A	Loss	Lifetime ECL (credit-impaired)	51,884			52,097
	N/A	Satisfactory	Lifetime ECL (not credit-impaired)	525	52,409	5,395	57,492

37. FINANCIAL INSTRUMENTS *(continued)***(b) Financial risk management objectives and policies** *(continued)***Credit risk and impairment assessment** *(continued)*

Notes:

- (1) For the purposes of internal credit risk management, the Group use historical repayment information to assess whether credit risk has increased significantly since initial recognition.
- (2) For the trade receivables arising from contracts with customers, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. For trade receivables from Hi-Tech Manufacturing Business, except for debtors with significant outstanding balances, balances backed by bills issued by reputable banks, or credit-impaired that are assessed for impairment individually, the remaining balances are assessed collectively through grouping of various debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, industry ageing, repayment histories and/or past due status of respective debtors.
- (3) These represent credit rating grades of the related banks.

Trade receivables arising from contracts with customers

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

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

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

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

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

As part of the Group's credit risk assessment, the Group assessed credit risk of its customers with significant balance, which may be backed by bills, by reference to external credit rating and internal information, and to assess the credit risk for those credit-impaired debtor individually. The following table provides information about the exposure to credit risk for trade receivables not backed by bank bills which are assessed individually as at 31 December 2025 and 2024 within lifetime ECL.

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37. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment *(continued)*

Trade receivables arising from contracts with customers *(continued)*

Gross carrying amount

Individual assessment

Credit rating	Hi-Tech Manufacturing Trade receivables			
	2025		2024	
	Range of loss rate	HK\$'000	Range of loss rate	HK\$'000
Strong	0.11%–0.426%	447,479	0.06%–0.18%	443,652
Loss	100%	19,540	100%	19,990
		467,019		463,642

Credit rating	Aerospace Service Trade receivables			
	2025		2024	
	Loss rate	HK\$'000	Loss rate	HK\$'000
Satisfactory	N/A	–	N/A	1,160
Loss	100%	49,185	100%	50,159
		49,185		51,319

Collective assessment

Credit rating	Hi-Tech Manufacturing Trade receivables (not credit-impaired)			
	2025		2024	
	Average loss rate	HK\$'000	Average loss rate	HK\$'000
Strong	1.05%	433,499	0.76%	444,505
Satisfactory	4.14%	49,206	3.39%	54,913
		482,705		499,418

37. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment *(continued)*

Trade receivables arising from contracts with customers *(continued)*

During the year ended 31 December 2025, the Group reversed net allowances for credit losses of HK\$2,788,000 (2024: allowances for credit losses of HK\$193,000) for non-credit-impaired trade receivables based on collective assessment and net reversal of allowances for credit losses of HK\$Nil (2024: HK\$11,000) for non-credit-impaired trade receivables based on individual assessment. Net allowance for credit losses of HK\$2,801,000 (2024: HK\$20,553,000) were made on credit-impaired debtors.

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

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

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 January 2024	5,526	51,848	57,374
Impairment losses recognised	182	20,553	20,735
Write off	–	(542)	(542)
Exchange realignment	(143)	(1,710)	(1,853)
At 31 December 2024	5,565	70,149	75,714
Impairment losses recognised	–	2,801	2,801
Impairment losses reversed	(2,788)	(12,395)	(15,183)
Exchange realignment	44	(3,445)	(3,401)
At 31 December 2025	2,821	57,110	59,931

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment *(continued)*

Lease receivables

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

At 31 December 2025, the lease receivables from tenants amount to HK\$525,000 (2024: HK\$11,916,000) and a net impairment allowance of HK\$nil (2024: HK\$6,521,000) is made.

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

	Lifetime ECL (not credit- impaired) HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	Total HK\$'000
At 1 January 2024	7,419	272,426	279,845
Impairment losses recognised	–	7,300	7,300
Impairment losses reversed	(779)	–	(779)
Write off	–	(231,345)	(231,345)
Transfer	(6,056)	6,056	–
Exchange realignment	(584)	(2,340)	(2,924)
At 31 December 2024	–	52,097	52,097
Impairment losses reversed	–	(2,570)	(2,570)
Exchange realignment	–	2,357	2,357
At 31 December 2025	–	51,884	51,884

37. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment *(continued)*

Other receivables

In determining the ECL for other receivables, the management of the Group has taken into account the historical default experience and forward-looking information, as appropriate. As at 31 December 2025, the accumulated allowance for credit losses is HK\$36,373,000 (2024: HK\$46,803,000) for the amounts due from a particular counterparty which had financial difficulties in prior year and full allowance is provided for that balances. During the year ended 31 December 2025, the Group has recovered HK\$10,430,000 (2024: HK\$191,000) from that counterparty and the allowance is reversed. The management of the Group has considered the consistently low historical default rate in connection with the remaining other receivables, and concluded that credit risk inherent in the Group's remaining balance of other receivables is insignificant.

Amount due from a related party

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

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

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

Liquidity risk

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

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

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For the year ended 31 December 2025

37. FINANCIAL INSTRUMENTS *(continued)*

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

Liquidity risk *(continued)*

Liquidity tables

	Weighted average interest rate %	On demand and less than 1 month HK\$'000	1 month to 1 year HK\$'000	1-5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 December 2025							
Financial liabilities							
Trade and other payables	-	717,922	254,806	-	-	972,728	972,728
Loan from a major shareholder	5.00	-	115,032	-	-	115,032	111,235
Loan from a related party	2.80	-	-	252,683	371,780	624,463	573,970
Bank borrowings	2.11 to 2.80	-	21,017	109,098	1,149,584	1,279,699	1,165,477
		717,922	390,855	361,781	1,521,364	2,991,922	2,823,410
Lease liabilities							
	4.68	2,465	25,527	41,397	-	69,389	67,966
At 31 December 2024							
Financial liabilities							
Trade and other payables	-	619,928	336,182	-	-	956,110	956,110
Loan from a major shareholder	5.00	-	-	118,897	-	118,897	106,270
Loan from a related party	3.40	-	-	843,180	422,143	1,265,323	1,057,386
Bank borrowings	2.25-3.40	-	170,955	122,018	82,045	375,018	349,825
		619,928	507,137	1,084,095	504,188	2,715,348	2,469,591
Lease liabilities							
	4.68	3,187	34,692	69,367	6,494	113,740	105,481

(c) Fair value measurements of financial instruments

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

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

The classification of the Group's financial assets at 31 December 2025 and 2024 using the fair value hierarchy is Level 1 (see note 22) as the fair value of those financial assets are determined based on the quoted bid prices in an active market. The directors of the Company consider that the fair values of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximates their carrying amounts.

38. RELATED PARTY TRANSACTIONS

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

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

(a) Transactions with the CASC and its subsidiaries

During the year ended 31 December 2016, the Group entered into a facility with Aerospace Finance, for advances up to RMB1,300,000,000 for a period of 12 years from the first drawdown date. The property ownership certificates of a portion of the S&T Plaza with a valuation amount of RMB1,902,504,000 has been mortgaged in favour of Aerospace Finance by Shenzhen Aerospace Technology Investment Management Limited (深圳市航天高科投資管理有限公司) ("Aerospace Technology"). On 8 August 2023, Aerospace Technology and Aerospace Finance entered into an amendment agreement to amend the facilities agreement. Pursuant to the amendment agreement, Aerospace Finance replaced the interest rate of a variable interest rate of 4.41% per annum to 3.40% per annum. Other than the foregoing, all other major terms and conditions of the facilities agreement remained in effect and unchanged. As at 31 December 2025, the aggregate amount of loan drawn from the facility amounted to RMB516,000,000 (2024: RMB995,000,000).

(b) Transactions with other government-related entities

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

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

(c) Compensation of key management personnel

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

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For the year ended 31 December 2025

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Loan from a major shareholder HK\$'000 (Note 28)	Loan from a related party HK\$'000 (Note 29)	Bank borrowings HK\$'000 (Note 27)	Interest payable HK\$'000	Dividend payable HK\$'000	Lease liabilities HK\$'000 (Note 26)	Total HK\$'000
At 1 January 2024	109,890	1,171,525	107,143	1,315	472	124,702	1,515,047
Financing cash flows	-	(78,707)	252,656	(44,025)	-	(37,905)	92,019
New leases entered	-	-	-	-	-	16,662	16,662
Interest expenses	-	-	-	47,905	-	5,504	53,409
Exchange realignment	(3,620)	(35,432)	(9,974)	(969)	-	(3,482)	(53,477)
At 31 December 2024	106,270	1,057,386	349,825	4,226	472	105,481	1,623,660
Financing cash flows	-	(517,279)	776,002	(48,463)	-	(27,372)	182,888
New leases entered	-	-	-	-	-	650	650
Interest expenses	-	-	-	45,600	-	2,809	48,409
Lease modification	-	-	-	-	-	(17,258)	(17,258)
Exchange realignment	4,965	33,863	39,650	83	(13)	3,656	82,204
At 31 December 2025	111,235	573,970	1,165,477	1,446	459	67,966	1,920,553

40. FINANCIAL INFORMATION OF THE COMPANY

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

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Property, plant and equipment	449	644
Right-of-use assets	4,595	7,659
Interests in subsidiaries	2,552,015	2,497,218
Amounts due from subsidiaries	758,473	803,476
Interests in joint ventures	–	15,000
	3,315,532	3,323,997
Current assets		
Other receivables	1,614	1,727
Amounts due from subsidiaries	89,392	80,182
Short-term bank deposits	–	45,896
Cash and cash equivalents	33,212	4,910
	124,218	132,715
Current liabilities		
Other payables	58,954	133,958
Lease liabilities	3,153	3,153
Amounts due to subsidiaries	699,160	742,062
Taxation payable	80	80
	761,347	879,253
Net current liabilities	(637,129)	(746,538)
Non-current liability		
Lease liabilities	1,542	4,561
Net assets	2,676,861	2,572,898
Capital and reserves		
Share capital	1,154,511	1,154,511
Reserves (Note 40(b))	1,522,350	1,418,387
Total equity	2,676,861	2,572,898

The Company's statements of financial position are approved and authorised for issue by the Board of Directors on 26 March 2026 and are signed on its behalf by:

Wang Hui
Director

Song Shuqing
Director

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For the year ended 31 December 2025

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

(b) Reserves

	Special capital reserve HK\$'000 <i>(Note a)</i>	Retained profits HK\$'000	Total HK\$'000
At 1 January 2024	630,977	900,987	1,531,964
Loss and total comprehensive expense for the year	–	(113,577)	(113,577)
At 31 December 2024	630,977	787,410	1,418,387
Profit and total comprehensive income for the year	–	103,963	103,963
At 31 December 2025	630,977	891,373	1,522,350

Notes:

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

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

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

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

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

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

(b) Reserves *(continued)*

Notes: *(continued)*

(a) (continued)

- (2) the amount standing to the credit of the special capital reserve shall not exceed the lesser of (a) the amount of provision provided for in respect of the Non-Permanent Loss Assets for the 7 years ended 31 December 2004; or (b) the amount due to the creditors of the Company as at the date when the proposed reduction of capital and cancellation of share premium shall become effective;
- (3) the said overall aggregate limit in respect of the special capital reserve may be reduced by the amount of any increase, after the effective date, in the paid up share capital or the amount standing to the credit of the share premium account of the Company as the result of the payment up of shares by the receipt of new consideration or the capitalisation of distributable profits;
- (4) the said overall aggregate limit in respect of the special capital reserve may be reduced upon the realisation, after the date on which the proposed reduction of capital and cancellation of the share premium account becomes effective, of any of the Non-Permanent Loss Assets by the total provision made in relation to each such assets as at 31 December 2004 less such amount (if any) as is credited to the said special capital reserve as a result of such realisations; and
- (5) in the event that the amount standing to the credit of the said special capital reserve exceeds the overall aggregate limit thereof after any reduction of such overall aggregate limit pursuant to provisos (3) and or (4) above, the Company shall be at liberty to transfer the amount of any such excess to the general reserve of the Company and the same shall become available for distribution.

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

- (b) The Company's reserves available for distribution to shareholders as at 31 December 2025 comprised the retained profits of HK\$891,373,000 (2024: HK\$787,410,000).

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41. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2025 and 2024 are as follows:

Name of subsidiaries	Nominal value of issued ordinary share capital/ registered capital	held by the Company		held by subsidiaries		Percentage of equity attributable to the Company		Principal activities
		2025	2024	2025	2024	2025	2024	
		%	%	%	%	%	%	
<i>Incorporated and operating in Hong Kong:</i>								
CASIL Clearing Limited	HK\$10,000,000	100	100	–	–	100	100	Provision of treasury services
CASIL Electronic Products Limited	HK\$15,000,000	100	100	–	–	100	100	Distribution of plastic and metal products and moulds
CASIL Semiconductor Limited	HK\$15,000,000	100	100	–	–	100	100	Distribution of liquid crystal displays
China Aerospace Industrial Limited	HK\$1,000,000	100	100	–	–	100	100	Property investment
Chee Yuen Industrial Company Limited	HK\$20,000,000	100	100	–	–	100	100	Distribution of plastic and metal products and moulds
Hong Yuen Electronics Limited	HK\$5,000,000	100	100	–	–	100	100	Investment holding
Hong Yuen Circuit Technology Company Limited	HK\$10,000,000	–	–	100	100	100	100	Distribution of printed circuit boards
Jackson Electric Company Limited	HK\$5,000,000	100	100	–	–	100	100	Distribution of intelligent battery chargers and electronic components
Jackson Electronics Company Limited	HK\$10,000,000	100	100	–	–	100	100	Distribution of intelligent battery chargers and electronic components

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

Name of subsidiaries	Nominal value of issued ordinary share capital/ registered capital	held by the Company		held by subsidiaries		Percentage of equity attributable to the Company		Principal activities
		2025	2024	2025	2024	2025	2024	
		%	%	%	%	%	%	
Registered and operating in the Mainland China:								
Chee Yuen Plastic Products (Huizhou) Company Limited [†]	HK\$72,000,000	–	–	100	100	100	100	Manufacturing of plastic and metal products and moulds
China Aerospace (Huizhou) Industrial Garden Limited ^{††}	US\$12,000,000	90	90	–	–	90	90	Property investment
Conhui (Huizhou) Semiconductor Company Limited [†]	HK\$90,400,000	–	–	100	100	100	100	Manufacturing and distribution of liquid crystal displays and LCD modules
東莞康源電子有限公司 [†]	RMB700,000,000	–	–	100	100	100	100	Manufacturing and distribution of printed circuit boards
Huizhou Jackson Electric Company Limited ^{††}	US\$1,000,000	–	–	90	90	90	90	Manufacturing of intelligent battery chargers and electronic products
南通康源電路科技有限公司	RMB398,000,000	–	–	100	100	100	100	Manufacturing and distribution of printed circuit boards
志豪微電子(惠州)有限公司	RMB90,000,000	–	–	100	100	100	100	Packaging of intelligent power modules

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

Name of subsidiaries	Nominal value of issued ordinary share capital/ registered capital	held by the Company		held by subsidiaries		Percentage of equity attributable to the Company		Principal activities
		2025	2024	2025	2024	2025	2024	
		%	%	%	%	%	%	
Registered and operating in the Mainland China:								
<i>(continued)</i>								
志源表面處理(惠州)有限公司*	RMB60,000,000	–	–	100	100	100	100	Electroplating of metals
志源電子科技(惠州)有限公司*	RMB10,500,000	–	–	100	100	100	100	Distribution of packing products
Shenzhen Chee Yuen Plastics Company Limited*	HK\$25,000,000	–	–	100	100	100	100	Manufacturing and distribution of plastic products
航科新世紀科技發展(深圳)有限公司*	US\$50,000,000	100	100	–	–	100	100	Investment holding
深圳市航天高科投資管理有限公司**	RMB700,000,000	–	–	60	60	60	60	Property investment
深圳市航天高科物業管理有限公司	RMB5,000,000	–	–	100	100	60	60	Property management
Incorporated and operating in Vietnam:								
CONG TY TNHH CONG NGHE DIEN TU CHEE YUEN (VIETNAM)	US\$14,000,000	–	–	100	100	100	100	Manufacturing of plastic products

* Wholly foreign-owned enterprises registered in the Mainland China

** Sino-foreign joint equity enterprises registered in the Mainland China

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

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

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

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

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

Name of subsidiaries	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss for the year attributable to non-controlling interests		Accumulated non-controlling interests	
		2025	2024	2025	2024	2025	2024
				HK\$'000	HK\$'000	HK\$'000	HK\$'000
Aerospace Technology and its subsidiary	Mainland China	40%	40%	(117,261)	(30,808)	1,904,318	1,934,713
Individually immaterial subsidiaries with non-controlling interests				86	262	28,498	27,190
				(117,175)	(30,546)	1,932,816	1,961,903

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41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

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

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

	2025 HK\$'000	2024 HK\$'000
Current assets	59,956	118,843
Non-current assets	7,825,999	8,026,749
Current liabilities	(60,461)	(63,631)
Non-current liabilities	(3,064,697)	(3,245,178)
Equity attributable to owners of the Company	2,856,479	2,902,070
Non-controlling interests	1,904,318	1,934,713
Income	173,517	222,448
Expenses	(466,669)	(299,469)
Loss for the year	(293,152)	(77,021)
Loss attributable to owners of the Company	(175,891)	(46,213)
Loss attributable to the non-controlling interests	(117,261)	(30,808)
Loss for the year	(293,152)	(77,021)
Other comprehensive income (expense) attributable to owners of the Company	130,301	(99,217)
Other comprehensive income (expense) attributable to the non-controlling interests	86,866	(66,145)
Other comprehensive income (expense) for the year	217,167	(165,362)
Total comprehensive expense attributable to the owners of the Company	(45,590)	(145,430)
Total comprehensive expense attributable to the non-controlling interests	(30,395)	(96,953)
Total comprehensive expense for the year	(75,985)	(242,383)

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

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

	2025	2024
	HK\$'000	HK\$'000
Net cash inflow from operating activities	125,613	119,923
Net cash inflow (outflow) from investing activities	7,376	(7,549)
Net cash outflow from financing activities	(132,504)	(112,423)
Net cash inflow (outflow)	485	(49)
Effect of foreign exchange rate changes	76	(46)

RESULTS

	Year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Revenue	4,031,329	3,841,472	3,450,954	4,501,532	4,745,367
(Loss) profit before taxation	(500,862)	(170,923)	(26,559)	(325,723)	486,102
Taxation	218,158	87,070	24,794	73,001	(82,888)
(Loss) profit for the year	(282,704)	(83,853)	(1,765)	(252,722)	403,214
Attributable to:					
Owners of the Company	(165,529)	(53,307)	4,047	(119,918)	345,764
Non-controlling interests	(117,175)	(30,546)	(5,812)	(132,804)	57,450
	(282,704)	(83,853)	(1,765)	(252,722)	403,214

ASSETS AND LIABILITIES

	At 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
Non-current assets	11,095,778	10,953,891	11,319,869	11,602,450	12,629,902
Current assets	3,447,415	3,327,423	3,263,415	3,663,378	4,239,260
Current liabilities	(1,639,062)	(1,649,182)	(1,427,648)	(2,159,847)	(1,771,821)
Non-current liabilities	(3,699,627)	(3,515,843)	(3,684,676)	(3,321,318)	(4,254,575)
Total equity	9,204,504	9,116,289	9,470,960	9,784,663	10,842,766
Attributable to:					
Owners of the Company	7,271,688	7,154,386	7,411,477	7,658,694	8,388,114
Non-controlling interests	1,932,816	1,961,903	2,059,483	2,125,969	2,454,652
	9,204,504	9,116,289	9,470,960	9,784,663	10,842,766

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

Appendix II Investment Properties

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