CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED

中國航天國際控股有限公司

(Stock Code: 31)

2026

Interim Report

MIX

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CORPORATE INFORMATION

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

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

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

COMPANY SECRETARY

Mr Luo Yuxin

REGISTERED OFFICE

Room 1103–1107A, One Harbourfront
18 Tak Fung Street, Hung Hom
Kowloon, Hong Kong
Tel: (852) 2193 8888
Fax: (852) 2193 8899
E-mail: comsec@casil.com
Website: http://www.casil-group.com

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 BANK & FINANCIAL INSTITUTION

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

* This PRC entity does not have an English name, the English name sets out in this Interim Report is for identification purpose only.

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "Board" or the "Director(s)") of China Aerospace International Holdings Limited (the "Company" or "CASIL"), I hereby present the interim report of the Company and the subsidiaries for the six months ended 30 June 2026.

MARKET REVIEW

In the first half of 2026, the global economy navigated forward under the weight of "fragile growth". Impacted by ongoing geopolitical conflicts in the Middle East, the International Monetary Fund ("IMF") downgraded its global economic growth forecast to 3.0%. Energy prices surged by approximately 25.0% compared to pre-conflict levels, driving global inflation upward against expectations to 4.7%. As trade protectionism intensified, global trade volume growth is projected to slow from 5.0% to 3.5%. Under the framework of "strategic competition with China", the United States further escalated restrictions, proposing legislation to tighten market access for Chinese connected vehicles and inverters. Meanwhile, the European Union accelerated institutional measures such as the Industrial Accelerator Act under the banner of "de-risking", with industrial policy showing a clear tendency toward securitization.

In the face of external pressures, China's economy demonstrated strong resilience, with gross domestic product (GDP) growing by 4.7% year-on-year in the first half of 2026. The IMF raised its full-year growth forecast to 4.6%. High-tech manufacturing and exports served as the core drivers: exports grew by 16.9% year-on-year, with integrated circuits, electromechanical products and other new-quality productivity sectors performing strongly, while trade with emerging markets like ASEAN continued to expand. However, risk in domestic demand persisted. In June, the growth rate of total retail sales of consumer goods slowed to 1.0%, alongside sluggish real estate and private investments, reflecting insufficient endogenous growth momentum. Overall, the domestic economy relied on policy support to maintain stable operation, but inadequate recovery in domestic demand, external geopolitical risks and structural contradictions in industry remain prominent, and economic development in the second half of the year is expected to face multiple internal and external challenges.

RESULTS

For the six months ended 30 June 2026, the unaudited revenue of the Company and the subsidiaries was HK$2,101,398,000, representing an increase of 3.85% compared to HK$2,023,441,000 for the same period in 2025. The net loss for the period was HK$165,395,000, an increase of 92.82% compared to the net loss of HK$85,776,000 for the same period in 2025. The loss attributable to owners of the Company for the period was HK$96,249,000, compared to the loss attributable to owners of the Company of HK$42,337,000 for the same period in 2025. The basic loss per share attributable to owners of the Company for the period was HK3.12 cents (first half of 2025: basic loss per share of HK1.37 cents). The loss for the period was primarily due to the decline in fair value of the Company's investment property, Shenzhen Aerospace Science & Technology Plaza, and the operating loss of Nantong Hong Yuen Circuit Technology Co., Limited* (南通康源電路科技有限公司) ("Nantong Hong Yuen").

Taking into account the capital requirements for future development needs, the Board resolved not to distribute an interim dividend for 2026 (2025 interim dividend: nil).

BUSINESS REVIEW

In the first half of 2026, amid the cumulative impact of multiple external factors, including ongoing global geopolitical tensions, rising commodity prices, the strengthening of the Renminbi, and active inventory destocking across the consumer electronics sector in Europe and the United States, the hi-tech manufacturing business of CASIL faced significant operational pressures. In response, the Board and management strictly adhered to the operating strategy of "high-end breakthroughs, low-end iteration, loss control and risk management" and thoroughly analyzed development opportunities in high-growth sectors such as AI edge applications, automotive electronics, computing infrastructure and the low-altitude economy. By coordinating all operating entities to actively expand market presence, optimize industrial structures, reduce operational costs, and stringently manage operational risks, driving the transformation and upgrading of its overall industrial structure, achieving preliminary results.

In the first half of 2026, the Company recorded a significant loss primarily due to a decrease in the fair value of investment properties, including Shenzhen Aerospace Science & Technology Plaza. This fair value loss is a non-cash item and has no impact on the Company's operating cash flows. On the other hand, although revenue from the hi-tech manufacturing business segment grew, the segment also recorded a loss due to the operating loss at Nantong Hong Yuen, increases in raw material prices, and exchange rate fluctuations.

Although the Company's overall hi-tech manufacturing business recorded an accounting loss for the period, the fundamentals of its core businesses did not deteriorate. Growth potential has been accumulated in terms of capacity construction, industrial layout, and business upgrading, demonstrating strong momentum for subsequent profitability recovery, among which: the operating loss incurred by Nantong Hong Yuen during the period represents a transitional loss during the initial phase of production commencement and is expected to gradually turn from loss to profit alongside the enhancement of operational capabilities; the intelligent power modules (IPM) business achieved single-month profitability in the second quarter of 2026, with existing production lines reaching full capacity; the printed circuit boards (PCB), liquid crystal display (LCD), and plastic products business have actively explored market opportunities in AI edge applications, automotive electronics, computing infrastructure and the low-altitude economy. Revenue from these high value-added products already accounts for 45%, evidencing initial success in industrial transformation. This is poised to further enhance the profitability and comprehensive market competitiveness of core businesses, laying a solid foundation for the subsequent recovery of overall performance and sustained, steady development.

In the first half of 2026, Shenzhen's Grade-A office building market continued to bottom out, with rental rates easing slightly and vacancy rates edging down. Shenzhen Aerospace Technology Investment Management Limited* (深圳市航天高科投資管理有限公司) continuously optimized its leasing and operational strategies. By introducing market-oriented sales talents and deepening cooperation with agency firms, the occupancy rate of Shenzhen Aerospace Science & Technology Plaza improved significantly, rising from 54.75% as at 31 December 2025 to 78.75% as at 30 June 2026. The overall rent collection rate also reached 95.81%, maintaining stable operating cash flows.

In the first half of the year, the Company focused on enhancing its financial management efficiency, leveraging digital and AI technologies to empower end-to-end operational management. The Company kept a close eye on key operational issues for coordinated resolution, continuously analyzed market and industry development trends, progressively refined compliance controls, and solidly advanced comprehensive audit oversight. Furthermore, the Company continued to cultivate and introduce high-caliber talents, driving the internal dynamics for its long-term sustainable growth.

PROSPECTS

In the second half of 2026, the global economy is expected to exhibit a trend of low-speed divergence, with frequent geopolitical conflicts and rising trade barriers continuing to heighten external operational pressures. Domestically, while policy support continues to reinforce new quality productive forces, challenges remain in the recovery of domestic demand. At the industry level, demand across high-prospect sectors such as AI edge applications, automotive electronics, computing infrastructure and the low-altitude economy remains robust. The Company will continue to optimize its business structure, increase the proportion of high value-added businesses, strictly control operating costs and various risks, and deepen technological research and development while consolidating its talent pipeline. By steadily improving operating fundamentals, the Company aims to achieve sustained performance recovery and advance high-quality corporate development.

APPRECIATION

On behalf of the Board, I would like to express our sincere gratitude to the Company's clients, business partners, shareholders, and all employees. Guided by the core values of our corporate culture: "Patriotic, Innovative, Integrity, Harmony, and Conscientiousness", we will continue to move forward, striving for outstanding results and creating greater value for all shareholders.

By order of the Board
Wang Hui
Chairman and Executive Director

Hong Kong, 27 August 2026

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS PERFORMANCE

During the period, the unaudited revenue of the Company and the subsidiaries was HK$2,101,398,000, representing an increase of 3.85% as compared with that of HK$2,023,441,000 for the same period in 2025. Net loss for the period was HK$165,395,000 as compared with the net loss of HK$85,776,000 for the same period in 2025. The continued downturn in the property market resulted in a fair value loss on investment properties of HK$353,186,000 for the period. Meanwhile, the operating loss of Nantong Hong Yuen Circuit Technology Co., Limited* (南通康源電路科技有限公司) ("Nantong Hong Yuen") led to a further expansion of the loss for the period.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company amounted to HK$96,249,000 during the period, compared with a loss attributable to owners of the Company of HK$42,337,000 for the same period in 2025.

Based on the issued share capital of 3,085,021,882 shares during the period, the basic loss per share was HK3.12 cents, compared with the basic loss per share of HK1.37 cents for the same period in 2025.

DIVIDEND

The Board has resolved not to declare an interim dividend for 2026 (2025 interim dividend: nil). The Board did not recommend the payment of final dividend for 2025.

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

During the period, the revenue of the hi-tech manufacturing business was HK$2,002,758,000, representing an increase of 3.95% compared with the same period in 2025. The segment operating loss was HK$65,824,000, representing a turnaround from a profit to a loss compared with the segment operating profit of HK$61,299,000 for the same period last year. The revenues and results of the hi-tech manufacturing business are set out below:

	Turnover (HK$'000)			Operating Profit/(Loss) (HK$'000)		
	First half of 2026	First half of 2025	Changes (%)	**First half of 2026**	First half of 2025	Changes (%)
Plastic Products	**903,788**	956,375	(5.50)	**18,404**	51,978	(64.59)
Printed Circuit Boards	**645,236**	508,546	26.88	**(80,371)**	10,145	(892.22)
Intelligent Chargers	**131,281**	132,473	(0.90)	**(14,616)**	(2,835)	415.56
Liquid Crystal Display	**259,630**	292,770	(11.32)	**13,119**	19,607	(33.09)
Intelligent Power Modules	**57,539**	31,207	84.38	**(87)**	(10,318)	(99.16)
Industrial Property Investment	**5,284**	5,197	1.67	**(2,273)**	(7,278)	(68.77)
Total	**2,002,758**	1,926,568	3.95	**(65,824)**	61,299	(207.38)

In the first half of 2026, the electronics manufacturing industry presented a structural development trend. The continuous expansion of AI computing infrastructure drove steady demand growth for high-frequency, high-speed printed circuit boards and automotive-grade power modules. Meanwhile, the rising penetration rate of high-voltage platforms in new energy vehicles further pulled orders for high-end manufactured products. On the upstream side, prices of raw materials such as copper foil and wafers experienced periodic fluctuations, while market competition in mid-to-low-end general electronic products intensified. Overall, the industry centered its development around high-end transformation and import substitution, with computing power and new energy vehicles serving as core growth drivers, alongside raw material cost volatility and divergent downstream market demand as the primary sources of operational uncertainty. Amid this backdrop, the Company's hi-tech manufacturing business exhibited a fragmented performance pattern characterized by "revenue growth in high-end computing power, losses in traditional consumer electronics, cost increases across the full supply chain, and foreign exchange losses in overseas sales".

During the period, the plastic products business recorded a revenue of HK$903,788,000, representing a decrease of 5.50% compared with the same period in 2025. The revenue structure continued to undergo transformation, with the low-altitude economy, smart home, and acoustics sectors all meeting expected targets, while sales in the traditional office equipment sector shrank significantly. Intensifying domestic market competition, shrinking revenue scale, and declining average selling prices, combined with the rising prices of core raw materials impacted by geopolitics and trade frictions, led to narrowed product profit margins. Consequently, the operating profit decreased by 64.59% compared with the same period in 2025.

The printed circuit boards (PCB) business recorded revenue of HK$645,236,000, representing an increase of 26.88% compared with the same period in 2025. The core growth drivers were high-value products such as AI edge application circuit boards, optical modules circuit boards and automotive substrates, with strong demand for high-end products. Meanwhile, the business proactively scaled down low-margin traditional operations and successfully introduced several leading packaging and testing (OSAT) clients. Affected by the operating loss of Nantong Hong Yuen during its initial stage of operation, substantial surge in raw material prices, and foreign exchange losses arising from the appreciation of Renminbi, the PCB business recorded an operating loss of HK$80,371,000, turning from a profit into a loss as compared with the same period in 2025. Nantong Hong Yuen remained in the capacity ramp-up stage, with yield rates below target, and was further impacted by persistently high labor costs as well as depreciation and amortization of fixed assets, making it the principal source of losses in the PCB business. In the second half of the year, with the release of production capacity, ongoing optimization of product mix and yield improvement at Nantong Hong Yuen, the scale of losses is expected to narrow gradually. The overall profitability of the PCB business is anticipated to continue to recover.

The intelligent chargers business recorded revenue of HK$131,281,000, representing a slight decrease compared with the same period in 2025. In terms of market expansion, efforts were focused on accelerating the mass production of high-value-added new products, such as energy storage, industrial controllers, and wheelchair controllers to offset downward pressure on traditional businesses. However, the operating loss widened by 415.56% compared with the same period in 2025, as a result of rising raw materials prices including power chips and silver, as well as foreign exchange losses arising from the appreciation of Renminbi.

The liquid crystal display (LCD) business recorded revenue of HK$259,630,000, representing a decrease of 11.32% compared with the same period in 2025. In the first half of 2026, market expansion efforts yielded notable results, with a strategic focus on high-value-added product markets such as industrial control, new energy charging piles, and automotive displays. Overseas industrial client orders grew significantly, with order volume increasing by approximately 19.9% compared with the same period in 2025. On the other hand, operating profit decreased by approximately 33.09% compared with the same period in 2025, due to the combined impact of rising raw material prices, foreign exchange losses arising from the appreciation of Renminbi, and continued price reductions requested by traditional consumer clients.

The intelligent power modules (IPM) business recorded revenue of HK$57,539,000, representing an increase of 84.38% compared with the same period in 2025. Benefiting from sustained order growth from core automotive electronics clients, the capacity utilization rate of core production lines rose to 111%. Full-capacity production effectively diluted fixed costs, enabling the business to achieve monthly profitability starting from the second quarter and a further narrowing of the operating loss for the period compared with the same period in 2025. The Company has strategically established its R&D layout centering on third-generation semiconductor materials. Currently, it possesses SiC (silicon carbide) power module products, has mastered the relevant packaging design and process technologies, and has achieved small-batch shipments.

In the first half of 2026, the hi-tech manufacturing business turned from profit to loss, with such losses exhibiting a transitional nature. On the one hand, the Company has been advancing its product mix transformation, focusing on high-value-added sectors such as AI edge applications, automotive electronics, computing infrastructure and the low-altitude economy, while scaling down traditional low-end businesses. Profitability was under pressure during this transition stage. On the other hand, capacity ramp-up at the new production lines of Nantong Hong Yuen generated phased losses, which compounded by rising upstream raw material prices and foreign exchange losses stemming from Renminbi appreciation, further squeezed profitability. In the second half of the year, the Company will implement multiple measures to control and reduce losses, including enhancing product pricing power, optimizing supply chain system, accelerating capacity release and yield improvement at Nantong Hong Yuen, expanding high-margin overseas industrial clients, and strengthening exchange rate risk management, with a view to progressively restoring the profitability of the hi-tech manufacturing business.

Shenzhen Aerospace Science & Technology Plaza

During the period, Shenzhen Aerospace Technology Investment Management Limited* (深圳市航天高科投資管理有限公司) ("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, together recorded revenue of HK$94,772,000 (same period in 2025: HK$94,129,000) and a segment loss of HK$293,911,000 (same period in 2025: segment loss of HK$187,972,000). The segment loss was primarily attributable to the loss arising from decrease in the fair value of investment properties.

As at 30 June 2026, the valuation of Shenzhen Aerospace Science & Technology Plaza was approximately RMB6,701,000,000 (31 December 2025: RMB7,008,000,000).

In the first half of 2026, Shenzhen's Grade-A office market remained in a bottoming-out recovery stage. From the second half of 2022 to the first half of 2025, citywide rents cumulatively declined by nearly half. Although the pace of decline narrowed significantly over the past year, approximately 2 million square meters of new supply entered the market during the year (mainly concentrated in Nanshan District). "Price for volume" remained the prevailing leasing strategy, indicating that a comprehensive rental recovery will still take time. Consequently, Shenzhen Aerospace Science & Technology Plaza recorded a decrease in the fair value of investment properties, which was the primary cause of the operating loss during the period.

During the Period, Aerospace Technology strengthened market operations by introducing market-oriented marketing talent and deepening cooperation with intermediaries. Newly signed leases exceeded 14,000 square meters, with 68 new tenants introduced. The tenant mix continued to improve, shifting towards central state-owned enterprises, technology, healthcare, finance, and professional services sectors. As at 30 June 2026, the occupancy rates of Shenzhen Aerospace Science & Technology Plaza were 66.72% for the commercial portion (31 December 2025: 63.41%) and 81.78% for the office portion (31 December 2025: 52.56%), respectively. Regarding tenant retention, there were no tenant exits in the first half of 2026, and all contracts due during the year were renewed, effectively mitigating tenant loss risks. Operating quality of rent collection improved steadily, with an overall rent collection rate for the office and commercial portions reached 95.81% in the first half of 2026, while the comprehensive property management fee collection rate stood at 86.96%, maintaining robust operational cash flows.

Looking ahead to the second half of the year, office rents in Shenzhen are expected to remain under downward pressure. Aerospace Technology will continue to strengthen self-operation, broaden the tenant base, and introduce large-scale enterprises. Concurrently, it will leverage the window of accelerated approvals for office-to-hotel conversions under urban renewal policies, and orderly advance the preparation and opening of hotel project, thereby consolidating the recovery in occupancy rates.

Other Business

RAYITEK Hi-Tech Film Company Ltd., Shenzhen (深圳瑞華泰薄膜科技股份有限公司) ("Rayitek"), an associate in which the Company holds a 20.29% equity interest through its direct 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"), did not declare dividend during the period (2025: nil).

In response to the securities market conditions, and in order to adjust the Company's assets portfolio, realize investment gains and free up resources to support daily operations and core business development, CASIL New Century disposed of Rayitek convertible bonds with an aggregate principal amount of RMB60,045,000 in the open market during the six months ended 30 June 2026, for a total consideration of approximately RMB80,653,000 (equivalent to approximately HK$90,706,000). Upon completion of the aforementioned open market transactions, CASIL New Century had fully disposed of all Rayitek convertible bonds held.

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 30 June 2026, the Company and the subsidiaries had a total of 7,427 employees (31 December 2025: 7,479), located in mainland China, Hong Kong and Vietnam.

FINANCIAL REVIEW

REVENUE

During the period, the revenue of the Company and the subsidiaries amounted to HK$2,101,398,000, representing an increase of 3.85% compared with the revenue of HK$2,023,441,000 for the same period in 2025. 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$1,997,474,000, accounting for approximately 95.05% of total revenue.

GROSS PROFIT AND GROSS PROFIT MARGIN

During the period, the gross profit of the Company and the subsidiaries amounted to HK$279,302,000, representing a decrease of 30.35% compared with the gross profit of HK$400,994,000 for the same period in 2025. The gross profit margin was approximately 13.29% during the period, representing a decrease of 6.53 percentage points compared with 19.82% for the same period in 2025. The decline in gross profit and gross profit margin was primarily due to increase in material costs.

OTHER INCOME

During the period, the Company and the subsidiaries recorded other income of HK$73,132,000, compared with HK$41,676,000 for the same period in 2025. Other income mainly comprised bank interest income and income from sales of scrap materials.

SELLING AND DISTRIBUTION EXPENSES

During the period, the selling and distribution expenses of the Company and the subsidiaries amounted to HK$30,194,000, representing a decrease of 4.36% compared with HK$31,570,000 for the same period in 2025.

RESEARCH AND DEVELOPMENT EXPENSES

During the period, the research and development expenses of the Company and the subsidiaries amounted to HK$97,596,000, representing an increase of 29.86% compared with HK$75,156,000 for the same period in 2025.

CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

The Company and the subsidiaries recorded a fair value loss on investment properties of HK$353,186,000 during the period, representing an increase of 38.22% compared with the loss of HK$255,524,000 for the same period in 2025, 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$348,460,000, representing an increase of 41.45% compared with the loss of HK$246,353,000 for the same period in 2025.

SHARE OF RESULTS OF ASSOCIATES

During the period, the share of results of associates attributable to the Company and the subsidiaries amounted to a loss of HK$91,042,000, compared with a loss of HK$17,172,000 for the same period in 2025, mainly due to the fair value loss of convertible bonds and the operating loss of the associate, Rayitek.

FINANCE COSTS

During the period, the finance costs of the Company and the subsidiaries amounted to HK$27,778,000, representing an increase of 26.42% compared with HK$21,972,000 for the same period in 2025, primarily due to increase in bank borrowings during the interim period.

LOSS BEFORE TAX

During the period, the loss before tax of the Company and the subsidiaries was HK$300,429,000, compared with a loss of HK$175,845,000 for the same period in 2025. The increase in the loss before tax was primarily due to the increase in fair value loss of investment properties and the operating loss of Nantong Hong Yuen.

INCOME TAX CREDIT

During the period, the Company and the subsidiaries recorded an income tax credit of HK$135,034,000, as compared with a credit of HK$90,069,000 for the same period in 2025, primarily due to the increase in deferred tax credit arising from the changes in fair value of investment properties.

LOSS FOR THE PERIOD

During the period, the net loss of the Company and the subsidiaries amounted to HK$165,395,000, representing an increase of 92.82% compared with the net loss of HK$85,776,000 for the same period in 2025, mainly due to the increase in fair value loss of investment properties, and the operating loss of Nantong Hong Yuen.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY AND LOSS PER SHARE

During the period, the loss attributable to owners of the Company was HK$96,249,000, representing an increase of 127.34% compared with the loss attributable to owners of HK$42,337,000 for the same period in 2025.

Based on the issue share capital of 3,085,021,882 shares during the period, the basic loss per share was HK3.12 cents, representing an increase of 127.74% as compared with the basic loss per share of HK1.37 cents for the same period in 2025.

ASSETS

(HK$'000)	30 June 2026	31 December 2025	Changes (%)
Non-Current Assets	**11,152,296**	11,095,778	0.51
Current Assets	**3,725,029**	3,447,415	8.05
Total Assets	**14,877,325**	14,543,193	2.30

The increase in non-current assets as compared with 31 December 2025 was mainly due to the increase in property, plant and equipment acquired and increase in share of net assets of an associate, while the increase in current assets as compared with 31 December 2025 was primarily due to the increase in inventory and trade receivable.

As at 30 June 2026, the equity attributable to owners of the Company was HK$7,413,861,000, representing an increase of 1.96% as compared with HK$7,271,688,000 as at 31 December 2025, primarily due to the increase in exchange reserves arising from the appreciation of Renminbi during the period.

Based on the issued share capital of 3,085,021,882 shares during the period, the net assets per share attributable to owners of the Company was HK$2.40 (31 December 2025: HK$2.36).

LIQUIDITY

The principal source of funding of the Company and the subsidiaries are internal resources and credit facilities from banks and financial institutions. As at 30 June 2026, cash and cash equivalents and short-term bank deposits amounted to HK$1,361,614,000 (31 December 2025: HK$1,502,287,000), denominated mainly in Renminbi, U.S. Dollars and Hong Kong Dollars.

PLEDGE OF ASSETS

As at 30 June 2026, cash deposit of HK$28,897,000 and bills receivable of HK$128,086,000 of the Company and the subsidiaries were pledged to banks to secure credit facilities (31 December 2025: HK$36,918,000 and HK$99,909,000 respectively). In addition, investment properties of approximately HK$3,338,730,000 (31 December 2025: HK$3,521,975,000) 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 30 June 2026, land use rights and buildings with carrying amount of approximately RMB480,633,000 (equivalent to approximately HK$554,363,000) were pledged by Nantong Hong Yuen (31 December 2025: RMB486,026,000 (equivalent to approximately HK$540,630,000)) 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)	**30 June 2026**	31 December 2025	Changes (%)
Non-Current Liabilities	**3,844,721**	3,699,627	3.92
Current Liabilities	**1,685,529**	1,639,062	2.83
Total Liabilities	**5,530,250**	5,338,689	3.59

The increase in non-current liabilities as compared with 31 December 2025 was mainly due to the increase in bank borrowings and reclassification of loan from a major shareholder from current liabilities to non-current liabilities, while the increase in current liabilities as compared with 31 December 2025 was primarily due to increase in trade payables and short term bank borrowings.

As at 30 June 2026, bank borrowings and other borrowings of the Company and the subsidiaries amounted to HK$1,327,971,000 and HK$686,274,000 respectively (31 December 2025: HK$1,165,477,000 and HK$685,205,000 respectively). Long-term borrowings accounted for 96.26% of total borrowings (31 December 2025: 92.88%).

CONTINGENT LIABILITIES

As at 30 June 2026, the Company and the subsidiaries did not have any material contingent liabilities (31 December 2025: nil).

FINANCIAL RATIOS

	First half of 2026	First half of 2025
Gross Profit Margin	**13.29%**	19.82%
Return on Net Assets	**(1.77%)**	(0.92%)

	30 June 2026	31 December 2025
Assets-Liabilities Ratio	**37.17%**	36.71%
Current Ratio	**2.21**	2.10
Quick Ratio	**1.73**	1.68

CAPITAL COMMITMENTS

As at 30 June 2026, the Company and the subsidiaries had contracted capital commitments of approximately HK$312,069,000 which had not been provided in the consolidated financial statements (31 December 2025: HK$298,260,000), 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 heartfelt gratitude to all shareholders, banks, business partners, and members of the community who have rendered support to the Company's development. I also wish to express sincere appreciation and high praise for the dedication, loyalty and professional demonstrated by all our employees.

By order of the Board
Song Shuqing
Executive Director and President

Hong Kong, 27 August 2026

OTHER DISCLOSURES

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

As at 30 June 2026, 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 Future 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 of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES

As at 30 June 2026, 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	Capacity	Direct interest (Yes/No)	Number of shares held (Long Position)	Percentage of issued share capital
China Aerospace Science & Technology Corporation	Interests in controlled corporation	No	1,183,598,636	38.37%
Burhill Company Limited	Beneficial owner	Yes	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 30 June 2026, 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.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares, if any). As at 30 June 2026, there were no treasury shares held by the Company.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for 2026 (2025 interim dividend: nil).

CORPORATE GOVERNANCE

During the six months ended 30 June 2026, the Company has complied with all the code provisions of the Corporate Governance Code in force as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

CONTINUING DISCLOSURE PURSUANT TO 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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules and The Code and Enforcement Details for Securities Transactions by Directors of the Company as the required standard for the Directors of the Company to trade the securities of the Company. Having made specific enquiry to all Directors of the Company and in accordance with information provided, all Directors have complied with the provisions under the Model Code during the six months ended 30 June 2026.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company comprises two Independent Non-Executive Directors, namely Mr Luo Zhenbang (Chairman), Ms Chen Jingru and a Non- Executive Director, Mr Peng Jianguo. The major responsibilities of the Audit Committee include serving as a focal point for communication between the Directors and external auditors in reviewing the Company's financial information as well as overseeing the Company's financial reporting system, risk management and internal control procedures. The Audit Committee of the Company has reviewed, discussed and approved the unaudited interim financial information for the six months ended 30 June 2026 that have been reviewed by the auditor, PKF Hong Kong Limited.

STATEMENT OF COMPLIANCE

The financial information relating to the year ended 31 December 2025 that is included in the Interim Report 2026 as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2025 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

CHANGE 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, was appointed as independent non-executive director of Hong Kong Zcloud Technology Construction Limited (stock code: 9900.HK) with effect from 1 June 2026.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL INFORMATION

PKF Hong Kong

大信梁學濂（香港）會計師事務所有限公司

26/F, Citicorp Centre
18 Whitfield Road
Causeway Bay
Hong Kong

香港
銅鑼灣
威非路道18號
萬國寶通中心26樓

TO THE BOARD OF DIRECTORS OF
CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED
(incorporated in Hong Kong with limited liability)

INTRODUCTION

We have reviewed the interim financial information of China Aerospace International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 26 to 60, which comprise the condensed consolidated statement of financial position as of 30 June 2026 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and notes to the interim financial information. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" as issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

PKF Hong Kong Limited
Certified Public Accountants
Hong Kong
27 August 2026

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2026

	NOTES	Six months ended 30 June 2026 HK$'000 (Unaudited)	30 June 2025 HK$'000 (Unaudited)
Revenue	3	**2,101,398**	2,023,441
Cost of sales		**(1,822,096)**	(1,622,447)
Gross profit		**279,302**	400,994
Other income	4	**73,132**	41,676
Other gains and losses, net	4	**182,349**	(1,977)
Selling and distribution expenses		**(30,194)**	(31,570)
Administrative expenses		**(235,926)**	(216,377)
Research and development expenses		**(97,596)**	(75,156)
Fair value changes of investment properties	10	**(353,186)**	(255,524)
Impairment losses under expected credit loss model, net of reversal	12	**510**	1,221
Finance costs	5	**(27,778)**	(21,972)
Share of results of associates		**(91,042)**	(17,172)
Share of results of joint ventures		**–**	12
Loss before taxation	6	**(300,429)**	(175,845)
Taxation	7	**135,034**	90,069
Loss for the period		**(165,395)**	(85,776)
Loss for the period attributable to:			
Owners of the Company		**(96,249)**	(42,337)
Non-controlling interests		**(69,146)**	(43,439)
		(165,395)	(85,776)
Loss per share	8		
Basic and diluted		**(HK3.12 cents)**	(HK1.37 cents)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	Six months ended	
	30 June 2026 HK$'000 (Unaudited)	30 June 2025 HK$'000 (Unaudited)
Loss for the period	**(165,395)**	(85,776)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Exchange differences arising on translating foreign operations		
— subsidiaries	**299,840**	243,910
— associates	**8,126**	6,569
Other comprehensive income for the period	**307,966**	250,479
Total comprehensive income for the period	**142,571**	164,703
Total comprehensive income for the period attributable to:		
Owners of the Company	**142,173**	151,311
Non-controlling interests	**398**	13,392
	142,571	164,703

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2026

	NOTES	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment	*10*	**2,904,707**	2,833,329
Right-of-use assets	*10*	**164,085**	162,322
Investment properties	*10*	**7,670,375**	7,750,935
Interests in associates		**302,254**	194,238
Financial assets at fair value through profit or loss	*17*	**–**	84,523
Deposits paid for property, plant and equipment		**61,329**	39,255
Long-term assets	*11*	**49,546**	31,176
		11,152,296	11,095,778
Current assets			
Inventories		**797,861**	686,379
Trade and other receivables	*11*	**1,530,076**	1,215,227
Amount due from a related party	*18(a)(iii)*	**1,033**	644
Financial assets at fair value through profit or loss	*17*	**1,474**	2,031
Pledged bank deposits	*13*	**28,897**	36,918
Restricted bank deposits	*13*	**4,074**	3,929
Short-term bank deposits	*13*	**494,077**	433,411
Cash and cash equivalents		**867,537**	1,068,876
		3,725,029	3,447,415

	NOTES	**30 June 2026 HK$'000 (Unaudited)**	31 December 2025 HK$'000 (Audited)
Current liabilities			
Trade and other payables	*14*	**1,490,988**	1,367,663
Contract liabilities		**36,272**	49,358
Lease liabilities		**26,369**	25,736
Bank borrowings	*15*	**75,257**	20,557
Loan from a major shareholder	*18(a)(i)*	**–**	111,235
Taxation payable		**56,643**	64,513
		1,685,529	1,639,062
Net current assets		**2,039,500**	1,808,353
Total assets less current liabilities		**13,191,796**	12,904,131
Non-current liabilities			
Lease liabilities		**36,203**	42,230
Bank borrowings	*15*	**1,252,714**	1,144,920
Loan from a major shareholder	*18(a)(i)*	**115,340**	–
Loan from a related party	*18(a)(ii)*	**570,934**	573,970
Deferred taxation		**1,869,530**	1,938,507
		3,844,721	3,699,627
		9,347,075	9,204,504

Condensed Consolidated Statement of Financial Position

At 30 June 2026

	NOTES	**30 June 2026 HK$'000 (Unaudited)**	31 December 2025 HK$'000 (Audited)
Capital and reserves			
Share capital	*19*	**1,154,511**	1,154,511
Reserves		**6,259,350**	6,117,177
Equity attributable to owners of the Company		**7,413,861**	7,271,688
Non-controlling interests		**1,933,214**	1,932,816
		9,347,075	9,204,504

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the Company									
	Share capital HK$'000	Special capital reserve HK$'000	General reserve HK$'000	Translation reserve HK$'000	Property revaluation reserve HK$'000	Other reserves HK$'000	Retained profits HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2026 (audited)	**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**
Loss for the period	**–**	**–**	**–**	**–**	**–**	**–**	**(96,249)**	**(96,249)**	**(69,146)**	**(165,395)**
Exchange differences arising on translating foreign operations										
— subsidiaries	**–**	**–**	**–**	**230,296**	**–**	**–**	**–**	**230,296**	**69,544**	**299,840**
— associates	**–**	**–**	**–**	**8,126**	**–**	**–**	**–**	**8,126**	**–**	**8,126**
Total comprehensive income (expense) for the period	**–**	**–**	**–**	**238,422**	**–**	**–**	**(96,249)**	**142,173**	**398**	**142,571**
At 30 June 2026 (unaudited)	**1,154,511**	**14,044**	**164,524**	**(81,131)**	**30,523**	**44,926**	**6,086,464**	**7,413,861**	**1,933,214**	**9,347,075**
At 1 January 2025 (audited)	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 period	–	–	–	–	–	–	(42,337)	(42,337)	(43,439)	(85,776)
Exchange differences arising on translating foreign operations										
— subsidiaries	–	–	–	187,079	–	–	–	187,079	56,831	243,910
— associates	–	–	–	6,569	–	–	–	6,569	–	6,569
Total comprehensive income (expense) for the period	–	–	–	193,648	–	–	(42,337)	151,311	13,392	164,703
At 30 June 2025 (unaudited)	1,154,511	14,044	150,941	(408,736)	30,523	44,926	6,319,488	7,305,697	1,975,295	9,280,992

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2026

	Six months ended 30 June 2026 HK$'000 (Unaudited)	30 June 2025 HK$'000 (Unaudited)
Net cash (used in) generated from operating activities	**(201,429)**	297,801
Net cash used in investing activities		
Purchase of property, plant and equipment	**(135,248)**	(437,285)
Deposits paid for acquisition of property, plant and equipment	**(20,115)**	(53,396)
Proceeds from disposal of property, plant and equipment	**6,911**	978
Proceeds from disposal of financial assets at fair value through profit or loss	**90,706**	15,998
Placement of short-term bank deposits	**(356,741)**	(618,600)
Withdrawal of short-term bank deposits	**307,564**	672,496
Placement of pledged bank deposits	**(41,320)**	(72,387)
Withdrawal of pledged bank deposits	**50,473**	66,856
Other investing cash flows	**14,879**	12,074
	(82,891)	(413,266)

	Six months ended 30 June 2026 HK$'000 (Unaudited)	30 June 2025 HK$'000 (Unaudited)
Net cash generated from financing activities		
Repayment of loan from a related party	**(23,622)**	(73,756)
Interest paid	**(27,778)**	(16,917)
Repayments of lease liabilities	**(16,883)**	(19,162)
Repayments of bank borrowings	**(13,337)**	(4,798)
Bank borrowings raised	**129,858**	158,460
Repayment of loan from a major shareholder	**(112,486)**	–
New loan from a major shareholder	**112,486**	–
	48,238	43,827
Net decrease in cash and cash equivalents	**(236,082)**	(71,638)
Cash and cash equivalents at 1 January	**1,068,876**	1,154,546
Effect of foreign exchange rate changes	**34,743**	37,501
Cash and cash equivalents at 30 June, represented by bank balances and cash	**867,537**	1,120,409

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2026

1. BASIS OF PREPARATION

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

The financial information relating to the year ended 31 December 2025 that is included in these interim financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2025 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2. PRINCIPAL ACCOUNTING POLICIES

The interim financial information have been prepared on the historical cost basis except for certain investment properties and financial assets at fair value through profit or loss ("FVTPL"), which are measured at fair values, as appropriate.

Other than change in accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the interim financial information for the six months ended 30 June 2026 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2025.

2. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Application of new amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA, for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2026 for the preparation of the Group's interim financial information:

Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity

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

3. REVENUE AND SEGMENT INFORMATION

The Group determines its operating and reportable 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.

Specifically, there are 7 reportable segments in 2026, 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 Shenzhen Aerospace Science & Technology 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 segments in both current and prior period. Accordingly, these were grouped in "Other Business".

3. REVENUE AND SEGMENT INFORMATION *(continued)*

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

For the six months ended 30 June 2026

	Revenue			
	External sales HK$'000	Inter-segment sales HK$'000	Total HK$'000	Segment results HK$'000
Hi-Tech Manufacturing Business				
Plastic products	903,788	42,206	945,994	18,404
Liquid crystal display	259,630	72,752	332,382	13,119
Printed circuit boards	645,236	–	645,236	(80,371)
Intelligent chargers	131,281	690	131,971	(14,616)
Intelligent power modules	57,539	–	57,539	(87)
Industrial property investment	5,284	16,742	22,026	(2,273)
	2,002,758	132,390	2,135,148	(65,824)
Aerospace Service				
Property investment in Shenzhen Aerospace Science & Technology Plaza	94,772	1,684	96,456	(293,911)
Reportable segments total	2,097,530	134,074	2,231,604	(359,735)
Elimination	–	(134,074)	(134,074)	–
Other Business	3,868	–	3,868	(604)
	2,101,398	–	2,101,398	(360,339)
Unallocated corporate income				14,840
Unallocated corporate expenses				(37,329)
Unallocated gains and losses				11,825
Gain on deemed disposal of interests in an associate				189,394
Share of results of associates				(91,042)
Finance costs				(27,778)
Loss before taxation				(300,429)

3. REVENUE AND SEGMENT INFORMATION *(continued)*

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

For the six months ended 30 June 2025

	Revenue			
	External sales HK$'000	Inter-segment sales HK$'000	Total HK$'000	Segment results HK$'000
Hi-Tech Manufacturing Business				
Plastic products	956,375	19,816	976,191	51,978
Liquid crystal display	292,770	27,030	319,800	19,607
Printed circuit boards	508,546	–	508,546	10,145
Intelligent chargers	132,473	756	133,229	(2,835)
Intelligent power modules	31,207	–	31,207	(10,318)
Industrial property investment	5,197	15,244	20,441	(7,278)
	1,926,568	62,846	1,989,414	61,299
Aerospace Service				
Property investment in Shenzhen Aerospace Science & Technology Plaza	94,129	2,702	96,831	(187,972)
Reportable segments total	2,020,697	65,548	2,086,245	(126,673)
Elimination	–	(65,548)	(65,548)	–
Other Business	2,744	–	2,744	(2,368)
	2,023,441	–	2,023,441	(129,041)
Unallocated corporate income				12,906
Unallocated corporate expenses				(33,114)
Unallocated gains and losses				12,536
Share of results of associates				(17,172)
Share of results of joint ventures				12
Finance costs				(21,972)
Loss before taxation				(175,845)

3. REVENUE AND SEGMENT INFORMATION *(continued)*

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

Segment results represent the profit earned/loss incurred by each segment without allocation of interest income, share of results of associates and joint ventures, interest expenses, certain impairment loss under expected credit losses ("ECL"), unallocated gains and losses (including unallocated exchange gains (losses) and changes in fair value of financial assets at fair value through profit or loss), and other unallocated corporate income and 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.

(a)(ii) Disaggregation of revenue

For the six months ended 30 June 2026

	Timing of revenue recognition		
	A point in time HK$'000	Over time HK$'000	Total HK$'000
Manufacturing of goods	1,997,474	–	1,997,474
Property management fee	–	20,341	20,341
Others	1,472	–	1,472
Revenue from contracts with customers	1,998,946	20,341	2,019,287
Leases			82,111
Total revenue			2,101,398

3. REVENUE AND SEGMENT INFORMATION *(continued)*

(a)(ii) Disaggregation of revenue *(continued)*

For the six months ended 30 June 2025

	Timing of revenue recognition		
	A point in time HK$'000	Over time HK$'000	Total HK$'000
Manufacturing of goods	1,921,371	–	1,921,371
Property management fee	–	20,057	20,057
Others	1,757	–	1,757
Revenue from contracts with customers	1,923,128	20,057	1,943,185
Leases			80,256
Total revenue			2,023,441

3. REVENUE AND SEGMENT INFORMATION *(continued)*

(a)(ii) Disaggregation of revenue *(continued)*

Geographical information

	Revenue from external customers based on the location of operation for the six months ended	
	30 June 2026 HK$'000	30 June 2025 HK$'000
Hong Kong, China	**854,500**	526,866
Mainland China	**1,002,645**	1,260,811
Overseas	**162,142**	155,508
Revenue from contracts with customers	**2,019,287**	1,943,185
Leases	**82,111**	80,256
Total revenue	**2,101,398**	2,023,441

3. REVENUE AND SEGMENT INFORMATION *(continued)*

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

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Segment assets		
Hi-Tech Manufacturing Business		
Plastic products	**1,624,919**	1,418,025
Liquid crystal display	**484,232**	450,626
Printed circuit boards	**2,537,666**	2,255,244
Intelligent chargers	**220,373**	251,453
Intelligent power modules	**178,926**	153,064
Industrial property investment	**189,196**	184,637
	5,235,312	4,713,049
Aerospace Service		
Property investment in Shenzhen Aerospace Science & Technology Plaza	**7,761,178**	7,813,931
Total assets for reportable segments	**12,996,490**	12,526,980
Other Business	**104,511**	105,007
Interests in associates	**302,254**	194,238
Unallocated assets	**1,474,070**	1,716,968
Consolidated assets	**14,877,325**	14,543,193

3. REVENUE AND SEGMENT INFORMATION *(continued)*

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

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Segment liabilities		
Hi-Tech Manufacturing Business		
Plastic products	**490,267**	416,971
Liquid crystal display	**130,416**	109,427
Printed circuit boards	**566,233**	522,649
Intelligent chargers	**71,545**	72,826
Intelligent power modules	**29,588**	15,744
Industrial property investment	**10,164**	9,390
	1,298,213	1,147,007
Aerospace Service		
Property investment in Shenzhen Aerospace Science & Technology Plaza	**84,942**	60,982
Total liabilities for reportable segments	**1,383,155**	1,207,989
Unallocated liabilities	**4,147,095**	4,130,700
Consolidated liabilities	**5,530,250**	5,338,689

3. REVENUE AND 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, pledged bank deposits, restricted bank deposits, short-term bank deposits, amount due from a related party, financial assets at FVTPL, interests in associates and the other unallocated assets; and

- all liabilities are allocated to operating and reportable segments other than taxation payable, deferred taxation, bank borrowings, loan from a major shareholder, loan from a related party, and the other unallocated liabilities.

4. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

		Six months ended	
		30 June 2026 HK$'000	30 June 2025 HK$'000
(a)	The Group's other income mainly comprises:		
	Bank interest income	**15,234**	12,579
	Sales of scrap materials	**48,298**	23,812
(b)	The Group's other gains and losses, net, mainly comprises:		
	Gains (losses) on disposal of property, plant and equipment	**260**	(200)
	Gain on deemed disposal of interests in an associate	**189,394**	–
	Net gains from changes in fair value of financial assets at FVTPL	**4,351**	10,471
	Net exchange losses	**(10,668)**	(12,443)

5. FINANCE COSTS

	Six months ended 30 June 2026 HK$'000	30 June 2025 HK$'000
Interest on:		
Loan from a major shareholder	**1,922**	2,683
Loan from a related party	**7,589**	14,379
Bank borrowings	**16,923**	2,690
Lease liabilities	**1,344**	2,220
	27,778	21,972

6. LOSS BEFORE TAXATION

	Six months ended 30 June 2026 HK$'000	30 June 2025 HK$'000
Loss before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	**152,389**	109,199
Depreciation of right-of-use assets	**24,927**	24,931

7. TAXATION

	Six months ended 30 June 2026 HK$'000	30 June 2025 HK$'000
Current tax		
Hong Kong Profits Tax (Note (i))	**(709)**	2,048
People's Republic of China ("PRC")		
Enterprise Income Tax (Note (ii))	**1,811**	9,524
	1,102	11,572
Deferred tax credit	**(136,136)**	(101,641)
	(135,034)	(90,069)

Notes:

(i) HONG KONG PROFITS TAX

Hong Kong Profits Tax for both periods is calculated at 16.5% of the estimated assessable profits for the period, 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%.

(ii) PRC ENTERPRISE INCOME TAX

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Detailed Rules for the Implementation of the EIT Law, the tax rate of the PRC subsidiaries is 25%. Certain PRC subsidiaries of the Company are qualified as High and New Technology Enterprise and the income tax rate of these subsidiaries is 15%.

All gains arising from the sale or transfer of real estate in the PRC 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 PRC that was effective from 2008 onwards, enterprise engaging in research and development activities are entitled to claim 200% (2025: 200%) of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year.

8. 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:

	Six months ended	
	30 June 2026 HK$'000	30 June 2025 HK$'000
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	**(96,249)**	(42,337)

	30 June 2026 '000	30 June 2025 '000
Number of shares		
Number of ordinary shares for the purpose of basic and diluted loss per share	**3,085,022**	3,085,022

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 six months ended 30 June 2026 and 30 June 2025.

9. DIVIDEND

No dividends were paid, declared or proposed during the interim periods. The directors of the Company have determined that no dividend will be paid in respect of the current interim period.

10. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES

During the six months ended 30 June 2026, the Group acquired property, plant and equipment of approximately HK$135,751,000 (six months ended 30 June 2025: HK$582,860,000), and no investment properties is acquired for both periods.

10. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INVESTMENT PROPERTIES *(continued)*

During the six months ended 30 June 2026, the Group disposed of certain plant and machinery with an aggregate carrying amount of HK$6,651,000 (six months ended 30 June 2025: HK$1,178,000) for cash proceeds of HK$6,911,000 (six months ended 30 June 2025: HK$978,000), resulting in a gain on disposal of HK$260,000 (six months ended 30 June 2025: loss of HK$200,000).

During the six months ended 30 June 2026, the Group entered into new lease agreements with lease term of 3 years. On date of lease commencement, the Group recognised right-of-use assets of HK$10,756,000 (six months ended 30 June 2025: Nil) and lease liabilities of HK$10,756,000 (six months ended 30 June 2025: Nil).

The fair values of the Group's investment properties at 30 June 2026 and 31 December 2025 were valued 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 PRC. Vigers and Knight Frank are independent qualified professional valuers not connected with the Group. The valuation of investment properties of HK$7,670,375,000 (31 December 2025: HK$7,750,935,000) was arrived at by reference to market evidence of transaction prices for similar properties and/or by capitalisation of income potential of similar properties. The resulting decrease in fair value of investment properties of HK$353,186,000 (six months ended 30 June 2025: decrease of HK$255,524,000) has been recognised directly in the condensed consolidated statement of profit or loss.

The capitalisation rates adopted in the income capitalisation approach range from 2.5% to 8% (31 December 2025: 2.5% to 7.5%). The capitalisation rates and market unit rate are one of the key parameters in the valuation and they involve professional judgment in relation to the adjustments made by the independent qualified external valuer.

11. TRADE AND OTHER RECEIVABLES AND LONG-TERM ASSETS

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Trade receivables from contracts with customers		
— Hi-Tech Manufacturing Business	**1,325,625**	1,070,494
— Aerospace Service	**53,993**	49,185
	1,379,618	1,119,679
Less: Allowance for credit losses	**(61,229)**	(59,931)
	1,318,389	1,059,748
Lease receivables		
— billed	**52,081**	52,409
— unbilled	**49,546**	31,176
	101,627	83,585
Less: Allowance for credit losses	**(50,076)**	(51,884)
	51,551	31,701
Total trade receivable for contracts with customers and lease receivables	**1,369,940**	1,091,449
Other receivables, deposits and prepayment	**246,055**	191,327
Less: Allowance for credit losses	**(36,373)**	(36,373)
	209,682	154,954
Total trade and other receivables	**1,579,622**	1,246,403
Current	**1,530,076**	1,215,227
Non-current as long-term assets	**49,546**	31,176
	1,579,622	1,246,403

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

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

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:

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Within 90 days	**1,233,670**	929,602
Between 91–180 days	**64,396**	114,232
Between 181–365 days	**20,323**	15,914
	1,318,389	1,059,748

As at 30 June 2026, included in the Group's trade receivables is bills received amounting to HK$158,089,000 (31 December 2025: HK$120,770,000) 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.

The Group's rental income is accrued and recognised on an effective rental basis after taking into account the 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.

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

The following is an 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:

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Within 90 days	**2,005**	525

Included in the Group's other receivables at 30 June 2026 is value-added tax recoverable of HK$140,907,000 (31 December 2025: HK$124,339,000).

12. IMPAIRMENT ASSESSMENT ON FINANCIAL ASSETS AND OTHER ITEMS SUBJECT TO ECL MODEL

The basis of determining the inputs and assumptions and the estimation techniques used in the interim financial information for the six months ended 30 June 2026 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2025. In addition, there are no changes in the internal credit risk assessment of the financial assets for both current period and prior year.

During the current interim period, the Group reversed the impairment allowance of HK$510,000 (six months ended 30 June 2025: HK$1,221,000).

13. PLEDGED BANK DEPOSITS, SHORT-TERM BANK DEPOSITS, RESTRICTED BANK DEPOSITS

The Group's bank deposits amounting to HK$28,897,000 (31 December 2025: HK$36,918,000) have been pledged to secure the general banking facilities of the Group.

The Group's bank deposits amounting to HK$4,074,000 (31 December 2025: HK$3,929,000) are restricted due to the involvement in litigations.

At 30 June 2026, short-term bank deposits with a maturity of more than three months carry fixed interest rates ranging from 1.18% to 3.67% per annum (31 December 2025: 1.18% to 3.67%).

At 30 June 2026, bank balances and pledged bank deposits carry interest at prevailing market rates which range from 0.001% to 2.50% (31 December 2025: 0.001% to 4.37%) per annum.

The Group performed an impairment assessment on bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

14. TRADE AND OTHER PAYABLES

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Trade payables	844,498	725,595
Accrued charges and provisions	79,565	87,451
Accrued salaries and wages and others	134,307	159,322
Refundable deposits received	62,853	51,169
Other payables	369,765	344,126
	1,490,988	1,367,663

Other payables included an amount of HK$54,000,000 (31 December 2025: HK$54,000,000) received on behalf of China Aerospace Science & Technology Corporation ("CASC"), and payables for acquisition of property, plant and equipment of HK$109,876,000 (31 December 2025: HK$65,834,000).

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

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Within 90 days	839,200	717,922
Between 91–180 days	5,298	7,673
	844,498	725,595

15. BANK BORROWINGS

	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Secured bank borrowings	**1,191,088**	1,047,530
Unsecured bank borrowings	**136,883**	117,947
Less: Amount due within one year included in current liabilities	**(75,257)**	(20,557)
Amount due after one year	**1,252,714**	1,144,920
The carrying amounts of the above bank loans are repayable*:		
Within one year	**75,257**	20,557
Within a period of more than one year but not exceeding two years	**4,446**	15,573
Within a period of more than two years but not exceeding five years	**74,481**	81,817
More than five years	**1,173,787**	1,047,530
	1,327,971	1,165,477

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

During the six months ended 30 June 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 30 June 2026, the subsidiary drawn down RMB562,173,000 (equivalent to approximately HK$648,412,000) (31 December 2025: 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.

15. BANK BORROWINGS *(continued)*

The loan is secured by the Group's land use right and buildings with carrying amounts of approximately RMB480,633,000 (equivalent to approximately HK$554,363,000) at 30 June 2026 (31 December 2025: RMB486,026,000 (equivalent to approximately HK$540,630,000)) and the effective interest rates is 2.7% (31 December 2025: 2.8%).

Bank borrowings of RMB470,500,000 (equivalent to approximately HK$542,676,000) (31 December 2025: RMB478,000,000 (equivalent to approximately HK$531,702,000)) are secured by the Group's investment properties with a valuation of approximately of RMB1,519,569,000 (31 December 2025: RMB1,589,187,000) and the remaining are unsecured.

During the six months ended 30 June 2026, the Group obtained new bank loans amounting to RMB17,000,000 (equivalent to approximately HK$19,123,000). The loans carried interest at 2.11% per annum and were unsecured. The loans were repayable by August 2026.

16. CAPITAL COMMITMENTS

	30 June 2026 HK$'000	31 December 2025 HK$'000
Capital expenditure contracted for but not provided in the interim financial information in respect of:		
— acquisition of property, plant and equipment	**312,069**	298,260

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

At 30 June 2026, the Group's financial assets at FVTPL which are stated at fair value represent equity securities listed on The Stock Exchange of Hong Kong Limited amounting to HK$1,474,000 (31 December 2025: HK$2,031,000) and listed convertible bonds issued by its associate, which is listed on Shanghai Stock Exchange, was fully disposed during the interim period (31 December 2025: HK$84,523,000).

The investments in listed convertible bonds are held for long-term strategic purpose and are therefore classified as non-current assets.

The classification of the Group's financial assets (i.e. financial assets at FVTPL) at 30 June 2026 using the fair value hierarchy is Level 1. Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active market for identical assets or liabilities.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the interim financial information approximate their fair values.

18. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed in note 14 and in the condensed consolidated statement of financial position, the Group entered into the following significant 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 PRC government (hereinafter collectively referred to as "government-related entities"). The Company's major shareholder with significant influence over the Group, CASC, is a state-owned enterprise under the direct supervision of the State Council of the PRC. During the six months ended 30 June 2026, except as disclosed below, the Group did not have any individually significant transactions with government-related entities in its ordinary and usual course of business.

(a) Transactions with the CASC and its subsidiaries

(i) During the year ended 31 December 2023, the Group entered into a long-term loan agreement with CASC for an amount of RMB100,000,000 for a period of three years and was unsecured, bearing a fixed interest at 5% per annum and was fully settled in May 2026. The interest paid to such loan during the six months ended 30 June 2026 amounted to RMB1,452,000(equivalent to approximately HK$1,633,000) (six months ended 30 June 2025: RMB2,514,000 (equivalent to approximately HK$2,683,000)).

During the interim period, the Group entered into a new long-term loan agreement with CASC for an amount of RMB100,000,000 (equivalent to approximately HK$115,340,000) for a period of two years and is unsecured, bears a fixed interest rate at 2.1% per annum and is repayable in March 2028. The interest paid to such loan during the six months ended 30 June 2026 amounted to RMB257,000 (equivalent to approximately HK$289,000).

18. RELATED PARTY TRANSACTIONS *(continued)*

(a) Transactions with the CASC and its subsidiaries *(continued)*

(ii) During the year ended 31 December 2016, the Group entered into a facility ("Facility") with Aerospace Science & Technology Finance Company Limited ("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 Shenzhen Aerospace Science & Technology Plaza with a valuation amount of approximately RMB1,902,504,000 has been mortgaged in favor 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 3.4% per annum. Other than the foregoing, all other major terms and conditions of the facilities agreement remained in effect and unchanged. As at 30 June 2026, the Group has drawn down RMB495,000,000 (equivalent to approximately HK$570,934,000) (31 December 2025: RMB516,000,000 (equivalent to approximately HK$573,970,000)). During the interim period, the loan carries variable interest rates of 2.6% to 2.7% (six months ended 30 June 2025: 2.8%) and the interest paid to loans drawn from the Facility during the six months ended 30 June 2026 amounted to RMB6,746,000 (equivalent to approximately HK$7,589,000) (six months ended 30 June 2025: RMB13,473,000 (equivalent to approximately HK$14,379,000)).

(iii) As at 30 June 2026, deposits placed with Aerospace Finance by the Group amounted to RMB895,000(equivalent to approximately HK$1,033,000) (31 December 2025: RMB579,000 (equivalent to approximately HK$644,000)) are included in amount due from a related party.

18. RELATED PARTY TRANSACTIONS *(continued)*

(b) Transactions/balances with other government-related entities in the PRC

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 deposit 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 facilities with these banks and certain sales transactions, remaining transactions with other government-related entities are individually insignificant.

(c) Compensation of key management personnel

During the six months ended 30 June 2026, the emoluments of key management personnel were HK$1,798,000 (six months ended 30 June 2025: HK$1,535,000).

19. SHARE CAPITAL

	30 June 2026 & 31 December 2025 HK$'000
Issued and fully paid:	
— 3,085,021,882 ordinary shares with no par value	**1,154,511**

20. PLEDGE OF OR RESTRICTION ON ASSETS

Pledge of assets

As at 30 June 2026, bank deposits of HK$28,897,000 (31 December 2025: HK$36,918,000) and bills held for future settlement of trade receivables of HK$128,086,000 (31 December 2025: HK$99,909,000) and investment properties of approximately HK$3,338,730,000 (31 December 2025: HK$3,521,975,000) were pledged to banks and Aerospace Finance to secure the borrowings and other general banking facilities granted to the Group.

As at 30 June 2026, the Group issued financial guarantees to banks in respect of banking facilities granted to subsidiaries. The aggregate amount that could be required to be paid is RMB562,173,000 (equivalent to approximately HK$648,412,000) (31 December 2025: RMB464,000,000 (equivalent to approximately HK$516,129,000)) if the guarantees were called upon in entireties, of which full amount of the relevant banking facilities has been utilised by its subsidiaries. The Group considers the fair value of the contract was insignificant at initial recognition and the loss allowances are insignificant as at 30 June 2026 and 31 December 2025.

At 30 June 2026, the Group's land use right and buildings with carrying amount of approximately RMB480,633,000 (equivalent to approximately HK$554,363,000) were pledged to banks to secure the loan facilities granted to the Group. (31 December 2025: RMB486,026,000 (equivalent to approximately HK$540,630,000)).

Restriction on assets

In addition, lease liabilities of HK$62,572,000 (31 December 2025: HK$67,966,000) are recognised with related right-of-use assets of HK$54,587,000 (31 December 2025: HK$61,089,000) as at 30 June 2026. 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 13.