



CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED

中國航天國際控股有限公司

(Stock Code: 31)

2025

Interim Report



CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr Wang Hui (*Chairman*)

Mr Song Shuqing (*President*)

Non-Executive Directors

Mr Luo Zhenbang (*Independent*)

Ms Chen Jingru (*Independent*)

Ms Xue Lan (*Independent*)

Mr Teng Fangqian

Mr Peng Jianguo

Mr Liu Yong

(*appointed on 14 February 2025*)

Mr Hua Chongzhi

(*resigned on 14 February 2025*)

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

Room 1103–1107A, One Harbourfront

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Kowloon, Hong Kong

Tel: (852) 2193 8888

Fax: (852) 2193 8899

E-mail: public@casil-group.com

Website: <http://www.casil-group.com>

Corporate Information

AUDITOR

PKF Hong Kong Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
26th floor, Citicorp Centre
18 Whitfield Road
Causeway Bay, Hong Kong

SHARE REGISTRAR

Tricor Investor Services Limited

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 its subsidiaries for the six months ended 30 June 2025.

MARKET REVIEW

In the first half of 2025, the global political and economic landscape continued to exhibit characteristics of multi-polarity and regionalization. Under the framework of "strategic competition with China", the U.S. advanced adjustments to its trade policy. The European Union strengthened its "de-risking" approach to industrial supply chains policies, while some developing countries deepened cooperation through regional free trade agreements such as the Regional Comprehensive Economic Partnership and the African Continental Free Trade Area. According to data from the International Monetary Fund (IMF), the global economic growth rate was approximately 3.2%. However, weak demand from developed economies and fluctuations in energy prices caused by geopolitical conflicts continue to exert pressure on international trade.

The economy of China demonstrated strong resilience amid a complex external environment, with GDP grew by 5.3% year-on-year, slightly above market expectations, driven by both industrial and service sectors. Consumption saw a moderate recovery under policy stimulus, with total retail sales of consumer goods increasing by 5.0%. However, the growth rate slowed in June, indicating insufficient endogenous momentum. Export performance exceeded expectations, growing by 7.2% year-on-year, primarily benefiting from market diversification strategies. Nonetheless, exports to the U.S. fell by 9.9% due to ongoing tariff tensions. Overall, the economy of China remained stable under policy support, but the lack of internal growth drivers and the dual challenges of external shocks and internal structural contradictions pose significant risks for the second half of the year.

RESULTS

For the six months ended 30 June 2025, the unaudited operating revenue of the Company and its subsidiaries was HK\$2,023,441,000, representing an increase of 10.89% compared to HK\$1,824,756,000 for the same period in 2024. The net loss for the period was HK\$85,776,000, an increase of 45.15% compared to the net loss of HK\$59,093,000 for the same period in 2024. The loss attributable to owners of the Company for the period was HK\$42,337,000, compared to the loss attributable to owners of the Company of HK\$28,578,000 for the same period in 2024. The basic loss per share attributable to owners of the Company for the period was HK1.37 cents (first half of 2024: basic loss per share of HK0.93 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.

Taking into account the capital requirements for future development needs, the Board resolved not to distribute an interim dividend for 2025 (2024 interim dividend: nil).

BUSINESS REVIEW

In the first half of 2025, the ongoing tariff tensions between China and the U.S., along with intensifying domestic competition, placed significant pressure on the hi-tech manufacturing business of the Company. The Board and management are collaborating to conduct in-depth research on market trends, analyze the strengths of the Company, and implement multifaceted measures to seek breakthroughs. The hi-tech manufacturing business has focused on targeted R&D for potential clients, expanding its customer base in emerging industries such as low-altitude economy, artificial intelligence, and high-end medical technology to identify new sources of revenue growth. To mitigate the impact of tariffs and exchange rate fluctuations on procurement imports and product exports, the hi-tech manufacturing business continued to optimize its customer service system. It placed greater emphasis on customer segments that closely align with strategic goals and offer significant collaborative value, while employing various strategies to reduce production costs and currency exchange risks to maintain profitability. During the period, the hi-tech manufacturing business achieved satisfactory results, with both revenue and profits showing improvement.

At the same time, the production capacity of the hi-tech manufacturing business continued to expand. The civil construction for the integrated circuit packaging substrate facility of Nantong Hong Yuen Circuit Technology Co., Limited* (南通康源电路科技有限公司) ("Nantong Hong Yuen") was completed, and the construction of production lines is progressing in an orderly manner. In the first half of 2025, small batch trial operations began. The intelligent power modules (IPM) packaging business officially commenced production at the beginning of the year, with some products achieving domestic substitution. Leveraging demand from Chinese enterprises setting up factories in Vietnam, Chee Yuen Electronic Technology (Vietnam) Co., Ltd.* (志源電子科技(越南)有限公司) has reached full production capacity in its plastic products operations and is planning for a second-phase expansion. These new capacity developments are expected to increase the Company's overall production capacity by approximately 40%, providing a solid foundation for scaling revenue and improving quality.

In response to the continued increase in supply and persistently high vacancy rates in the Shenzhen's office leasing market, Shenzhen Aerospace Technology Investment Company Limited* (深圳市航天高科技投資管理有限公司) ("Aerospace Technology") conducted an in-depth research into the commercial environment surrounding Shenzhen Aerospace Science & Technology Plaza, strategically expanded its outreach to potential clients across various business formats. Additionally, the respective litigations of Aerospace Technology with Shenzhen Hangke Houhai Investment Development Company Limited* (深圳市航科后海投資發展有限公司) ("Hangke Houhai"), Shenzhen Jingdian Industrial Group Co., Ltd.* (深圳經典實業有限公司) ("Jingdian Industrial") and Shenzhen Huabaorun Management Limited* (深圳市華保潤商業管理有限公司) ("Huabaorun") have been concluded with final judgments. Aerospace Technology will advance the enforcement of the judgments within the legal framework.

In the first half of the year, the Company continued to enhance internal control efficiency, advance digital infrastructure development, improve compliance management, and implement energy conservation and environmental protection measures. Looking ahead, the Company will continue to cultivate and introduce more high-caliber talents to establish a solid foundation for future development.

Chairman's Statement

PROSPECTS

In the second half of 2025, the global economy is expected to face multiple challenges and opportunities. These include divergent growth among major economies, shifts in monetary policy, uncertainties in trade policy, and rising geopolitical risks — all contributing to a highly uncertain business environment. The Board will closely monitor the market environment facing the Company, focusing on the development of existing core businesses and new ventures. We will continue to unite all employees with unwavering confidence and determination, striving to achieve high-quality development for CASIL.

APPRECIATION

Mr Hua Chongzhi resigned as a Non-Executive Director of the Company on 14 February 2025 due to retirement, with Mr Liu Yong assuming his responsibilities. On behalf of the Board, I would like to express our sincere respect and gratitude to Mr Hua Chongzhi for his contributions to the Company during his tenure, and extend a warm welcome to Mr Liu Yong for joining the Board.

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 2025

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS PERFORMANCE

The unaudited revenue of the Company and the subsidiaries for the six months ended 30 June 2025 was HK\$2,023,441,000, representing an increase of 10.89% as compared with that of HK\$1,824,756,000 for the same period in 2024. Net loss for the period was HK\$85,776,000, as compared to the net loss of HK\$59,093,000 for the same period of 2024, representing an increase in loss for the period.

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company for the period was HK\$42,337,000, compared to a loss attributable to owners of the Company of HK\$28,578,000 for the same period in 2024.

The continued downturn in the property market resulted in a fair value loss on investment properties of HK\$255,524,000 for the period, representing an increase of HK\$55,067,000 compared to the same period in 2024, which led to a further expansion of loss for the period.

Based on the issued share capital of 3,085,021,882 shares during the period, the basic loss per share was HK1.37 cents, compared to the basic loss per share of HK0.93 cents for the same period in 2024.

DIVIDENDS

The Board has resolved not to declare an interim dividend for 2025 (2024 interim dividend: nil).

The Board did not recommend the payment of final dividend for 2024.

Management Discussion and Analysis

RESULTS OF CORE BUSINESSES

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 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 will continue to identify and develop new business opportunities, and thereby creating value for shareholders.

Hi-tech manufacturing

The revenue of the hi-tech manufacturing business for the six months ended 30 June 2025 was HK\$1,926,568,000, representing an increase of 11.66% compared to the same period in 2024. The segment profit was HK\$61,299,000, representing an increase of 2.70% compared to the same period in 2024. 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 2025	First half of 2024	Changes (%)	First half of 2025	First half of 2024	Changes (%)
Plastic Products	956,375	794,838	20.32	51,978	36,832	41.12
Printed Circuit Boards	508,546	456,418	11.42	10,145	19,335	(47.53)
Intelligent Chargers	132,473	137,580	(3.71)	(2,835)	(1,872)	51.44
Liquid Crystal Display	292,770	323,594	(9.53)	19,607	29,015	(32.42)
Intelligent Power Modules	31,207	7,764	301.94	(10,318)	(13,676)	(24.55)
Industrial Property Investment	5,197	5,161	0.70	(7,278)	(9,946)	(26.82)
Total	1,926,568	1,725,355	11.66	61,299	59,688	2.70

In the first half of 2025, tightening trade policies placed dual pressure on business. Tariff hikes drove up the import costs of key raw materials, resulting in delayed order fulfillment and profit volatility. At the same time, overseas supply chains were impacted by tariffs, causing unstable supply and chaotic production scheduling, creating a dual challenge of rising costs and supply uncertainty. On another front, fluctuations in trade policies intensified export uncertainties: unresolved tariffs led customers to adopt a wait-and-see approach, extending order cycles and halting new projects, thereby threatening sustainable development. The trend of regionalized supply chain relocation among clients accelerated, making low-tech products susceptible to replacement by goods from low-tariff regions, thereby weakening both market competitiveness and customer loyalty. Compounded by weakening demand in the U.S. market and policy fluctuations, businesses faced a triple pressure on exports: order attrition, technological displacement, and sluggish demand.

During the period, revenue from plastic products business increased by 20.32% compared to the same period last year, driving overall growth of operating profit in the hi-tech manufacturing segment. The plastic products business saw steady growth in orders from clients in emerging industry such as the low-altitude economy. The Company actively pursued targeted R&D initiatives aimed at potential clients in these emerging industries, with the goal of gradually focusing on high-value clients whose strategic objectives are significantly aligned with ours. Meanwhile, Chee Yuen in Vietnam leveraged the opportunities presented by southward shift of the supply chain, continuously improving its technological capabilities and management efficiency. By selectively engaging high-quality clients and effectively releasing production capacity, it achieved both sales and profit growth, establishing itself as a profit center for the plastic products business.

The overall sales of the printed circuit boards (PCB) business remained stable, with revenue increasing by 11.42% compared to the same period in 2024, primarily driven by strong growth in optoelectronic modules and domestic substrate business. However, the dual impact of tariff tensions between the U.S. and China and exchange rate fluctuations significantly compressed profit margins due to higher costs of imported procurement and foreign exchange losses. During the period, the printed circuit boards (PCB) business recorded an operating profit of approximately HK\$10,145,000, falling short of expectations and representing a decrease of 47.53% compared to the same period last year.

Management Discussion and Analysis

The intelligent chargers business was affected by delays in customer shipment plans due to fluctuations in the U.S. tariff policies, resulting in a slight revenue decline of 3.71% in the first half of 2025 compared to the same period last year. Although the gross profit margin increased by about 3 percentage points due to the reduction in the proportion of traditional low-gross-profit products, the loss still increased due to the impact of exchange rate fluctuations. The liquid crystal display business faced intense market competition, with revenue slightly declining compared to the same period last year. The intelligent power modules (IPM) business focused on key clients, with products transiting into mass production. Due to lower gross margins and foreign exchange losses, operating profits fell by 32.42% compared to the same period in 2024. Through process enhancements and the adoption of self-developed equipment, the average yield rate reached 98.2% in the first half of 2025, an increase of 0.6 percentage points compared to the last year. The optimization of product structure helped reduced the proportion of material costs, and with the production line approaching full capacity, the business is expected to gradually achieve profitability.

The construction of Phase I of Nantong Hong Yuen facility was completed in the first half of 2025, with a total building area of approximately 132,500 square meters. The project will introduce nearly 400 units/sets of substrate processing equipment, along with over 70 units/sets of environmental protection and power support systems. Once fully operational, the production capacity for high-end integrated circuit packaging substrates and high-density printed circuit boards is expected to be double. This expansion is expected to position the Company among the top three in the domestic substrate industry, further advancing the domestic substitution and independent controllability of China's semiconductor industry. Currently, Phase I of Nantong Hong Yuen facility has commenced small-scale trial production, with stable operations underway.

During the period, the AI-powered visual inspection software developed by the Intelligent Research Institute was successfully applied to PCB product inspection and is operating stably. In parallel, a new series of visual inspection equipment jointly developed with the factory has been deployed on internal production lines. Progress has also been made in leveraging DeepSeek to enhance operational and business management. The Institute is currently formulating the "15th Five-Year" plan for digital transformation in manufacturing, driven by artificial intelligence.

The R&D line for 5G millimeter-wave filters is operating stably. Currently, collaboration is underway with companies in the instrumentation industry to design and produce high-performance filters based on MEFAB process. At the same time, efforts are being made to explore applications of 5G millimeter-wave filters in low-altitude fields, with continued advancement towards industrialization.

In the first half of 2025, revenue performance from various projects in the hi-tech manufacturing business was strong. However, due to tariff tensions between the U.S. and China, market competition, and various pressures arising from different stages of corporate operations, profit level of each business fluctuated significantly compared to the same period last year. Key priorities for the second half of 2025 will include expanding market reach, adjusting product structures, reducing product costs, mitigating losses from exchange rate fluctuations, and accelerating the R&D and industrialization of new technologies.

Shenzhen Aerospace Science & Technology Plaza

In the first half of 2025, 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\$94,129,000 (first half of 2024: HK\$95,585,000) and a segment loss of HK\$187,972,000 (first half of 2024: HK\$127,053,000), mainly attributable to the loss arising from decrease in fair value of investment properties. As at 30 June 2025, Shenzhen Aerospace Science & Technology Plaza was valued at approximately RMB7,299,000,000 (31 December 2024: RMB7,540,000,000).

As of 30 June 2025, the occupancy rate of Shenzhen Aerospace Science & Technology Plaza was approximately 63.63% for the commercial portion (31 December 2024: 65.59%) and 44.79% for the office portion (31 December 2024: 47.50%).

As of 30 June 2025, the respective litigations of Aerospace Technology with Hangke Houhai, Jingdian Industrial and Huabaorun have been concluded with final judgments. In respect of the claims between Aerospace Technology and Hangke Houhai, the Second-instance Judgments have become effective in offsetting the credit liabilities of both parties, and the claims in the First, Second, Third, Fourth and Sixth Hangke Houhai Litigations could be settled at a net basis. It is estimated that Hangke Houhai will be required to pay approximately RMB44,500,000 to Aerospace Technology

Management Discussion and Analysis

(calculated as of 4 September 2024, and subject to execution conditions). For the Fifth Hangke Houhai Litigation (Aerospace Technology's claim against Jingdian Industrial, a shareholder of Hangke Houhai, in relation to the joint and several liability under the guarantee contract), it is expected Jingdian Industrial will be liable for joint and several liabilities of up to approximately RMB22,250,000. In respect of the litigations of Aerospace Technology and its subsidiary, Aerospace Property Management, respectively, against Huabaorun, it is estimated that Huabaorun will be required to pay an aggregate amount of approximately RMB68,600,000 to Aerospace Technology and Aerospace Property Management (calculated as of 19 November 2024, and subject to execution conditions). For details, please refer to the announcements of the Company dated 12 May 2022, 14 June 2022, 5 July 2022, 30 September 2022, 7 November 2022, 14 February 2023, 24 March 2023, 11 July 2023, 14 July 2023, 25 August 2023, 14 September 2023, 18 March 2024, 26 March 2024, 7 June 2024, 27 August 2024, 4 September 2024, 21 October 2024 and 20 November 2024, 27 March 2025 and 5 June 2025 respectively.

In relation to various litigations, Aerospace Technology has proactively advocated and defended its rights in accordance with applicable laws. It has frozen and preserved the assets of Hangke Houhai, Huabaorun, and Jingdian Industrial during the litigation period. Following the final court rulings, Aerospace Technology has filed for enforcement and applied for measures such as restrictions on high-value consumption and outbound travel for their legal representatives and actual controllers. As of 30 June 2025, apart from receiving RMB55,000 in enforcement funds from Hangke Houhai, neither Hangke Houhai nor Huabaorun has fulfilled their payment obligations to Aerospace Technology as mandated by the court's final judgments. Aerospace Technology remains committed to advancing the enforcement process to the fullest within the legal framework.

In the second half of 2025, Aerospace Technology will continue to carry out self-managed operation, expand its tenant base and introduce enterprises with a certain scale and different business formats to settle in. Considering the current leasing situation for offices space in Shenzhen, the property market is expected to face ongoing challenges.

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 company in which the Company indirectly holds 23.38% 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), did not declare dividends during the period (2024: nil).

ASSETS

(HK\$'000)	30 June 2025	31 December 2024	Changes (%)
Non-Current Assets	11,395,164	10,953,891	4.03
Current Assets	3,413,566	3,327,423	2.59
Total Assets	14,808,730	14,281,314	3.69

The increase in non-current assets was mainly due to the acquisition of property, plant and equipment, as well as the increase in Hong Kong dollar equivalent arising from the conversion of assets denominated in Renminbi at the balance sheet date, while the increase in current assets was due to the increase in inventory and accounts receivable.

The equity attributable to owners of the Company was HK\$7,305,697,000, representing an increase of 2.11% as compared with that of HK\$7,154,386,000 as at the year end of 2024.

The equity attributable to owners of the Company for the period increased as compared with the end of last year, mainly due to an increase in exchange reserves caused by the appreciation of the RMB exchange rate 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\$2.37.

Management Discussion and Analysis

As at 30 June 2025, a cash deposit of HK\$45,937,000 and bills receivable of HK\$67,799,000 of the Company and the subsidiaries had been pledged to banks to obtain credit facilities (31 December 2024: HK\$39,110,000 and HK\$82,489,000, respectively). Property right certificates at an approximate value of RMB1,902,504,000 and RMB171,000,000 of Shenzhen Aerospace Science & Technology Plaza were mortgaged by Aerospace Technology to Aerospace Science & Technology Finance Company Limited* (航天科技財務有限責任公司) and bank respectively so as to obtain a 12-year term loan facility in the amount of RMB1,300,000,000 and a 10-year term bank loan facility in the amount of RMB100,000,000. Land use right and buildings with carrying amounts of approximately RMB400,013,000 were pledged by Nantong Hong Yuen to certain banks to secure an 8-year term bank loan facility of RMB1,000,000,000. Please refer to the announcement of the Company dated 17 January 2025 for details.

LIABILITIES

(HK\$'000)	30 June 2025	31 December 2024	Changes (%)
Non-Current Liabilities	3,571,617	3,515,843	1.59
Current Liabilities	1,956,121	1,649,182	18.61
Total Liabilities	5,527,738	5,165,025	7.02

The increase in non-current liabilities was mainly due to the new bank loan raised during the period and the increase in the conversion of liabilities denominated in Renminbi into Hong Kong dollar equivalent at the balance sheet date; the increase in current liabilities was mainly due to the increase in trade payables. As at 30 June 2025, the Company and the subsidiaries had bank borrowings and other borrowings amounting to HK\$518,048,000 and HK\$1,122,538,000, respectively (31 December 2024: HK\$349,825,000 and HK\$1,163,656,000, respectively).

OPERATING EXPENSES

The administrative expenses of the Company and the subsidiaries in the first half of 2025 amounted to HK\$216,377,000, representing a 9.10% increase compared to approximately HK\$198,333,000 for the same period in 2024; the finance costs amounted to HK\$21,972,000, representing a 17.12% decrease compared to approximately HK\$26,512,000 for the same period in 2024.

CONTINGENT LIABILITIES

As at 30 June 2025, the Company and the subsidiaries did not have material contingent liabilities (31 December 2024: nil).

FINANCIAL RATIOS

	First half of 2025	First half of 2024
Gross Profit Margin	19.82%	20.18%
Return on Net Assets	(0.92%)	(0.64%)

	30 June 2025	31 December 2024
Assets-Liabilities Ratio	37.33%	36.17%
Current Ratio	1.75	2.02
Quick Ratio	1.40	1.66

LIQUIDITY

The source of funds of the Company and the subsidiaries mainly relies on internal resources and banking and financial institution facilities. As at 30 June 2025, the cash and cash equivalents and short-term bank deposits amounted to HK\$1,411,081,000 (31 December 2024: HK\$1,497,130,000), with the main currencies being Renminbi, US dollars, and Hong Kong dollars.

CAPITAL COMMITMENTS

As at 30 June 2025, the capital commitments of the Company and the subsidiaries contracted for but not provided in the condensed consolidated financial statements was approximately HK\$373,771,000 (31 December 2024: HK\$437,360,000), mainly related to the capital expenditure for the 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 the exchange and the interest rate risks.

HUMAN RESOURCES AND REMUNERATION POLICIES

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

As at 30 June 2025, the Company and the subsidiaries had a total of 7,766 employees based in the mainland China, Hong Kong and Vietnam.

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 2025

OTHER DISCLOSURES

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2025, the following corporations were recorded in the register maintained pursuant to Section 336 of the Securities and Futures Ordinance (the "SFO") as having interests in the issued share capital or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Capacity	Direct interest (Yes/No)	Number of shares interested (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 2025, the Company had not been notified of any other relevant interests or short positions in the issued share capital or underlying shares of the Company which would fall 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 THE COMPANY'S LISTED SECURITIES

There had been no purchase, sale or redemption of the Company's listed securities by the Company or its subsidiaries during the six months ended 30 June 2025.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for 2025 (2024 interim dividend: nil).

Other Disclosures

CORPORATE GOVERNANCE

During the six months ended 30 June 2025, the Company complied throughout the period with the code provisions of the *Corporate Governance Code* as set out in Appendix C1 to the Listing Rules.

LITIGATION AND ARBITRATION

As at 30 June 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 17 December 2024 in relation to the arbitration concerning CASIL Semiconductor Limited ("CASIL Semiconductor"), 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.

CONTINUING DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 16 January 2025, Nantong Hong Yuen Circuit Technology Company Limited* (南通康源电路科技有限公司) ("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' AND CHIEF EXECUTIVES' INTERESTS IN SHARES

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 2025.

As at 30 June 2025, none of the Directors, chief executives or their associates have 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 which is required to be recorded in the register of directors' and chief executives' interests pursuant to Section 352 of the SFO 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* and *The Code Enforcement Details for Securities Transactions by Directors* of the Company.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company comprises two Independent Non-Executive Directors, including 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 2025 that have been reviewed by the auditor, PKF Hong Kong Limited.

Other Disclosures

STATEMENT OF COMPLIANCE

The financial information relating to the year ended 31 December 2024 that is included in the Interim Report 2025 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 2024 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

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in Directors' information since the date of the 2024 Annual Report which is required to be disclosed are set out below:

Mr Peng Jianguo, a Non-Executive Director, was appointed as the President of the Hunan Branch of the China Academy of Launch Vehicle Technology* (中國運載火箭技術研究院湖南分院) with effect from June 2025.

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



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18 Whitfield Road
Causeway Bay
Hong Kong

大信梁學濂 (香港) 會計師事務所有限公司

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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 23 to 58, which comprise the condensed consolidated statement of financial position as of 30 June 2025 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 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.

Report on Review of Condensed Consolidated Financial Information

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 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

	NOTES	Six months ended	
		30 June 2025 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Unaudited)
Revenue	3	2,023,441	1,824,756
Cost of sales		(1,622,447)	(1,456,518)
Gross profit		400,994	368,238
Other income	4	41,676	39,969
Other gains and losses, net	4	(1,977)	(22,203)
Selling and distribution expenses		(31,570)	(36,285)
Administrative expenses		(216,377)	(198,333)
Research and development expenses		(75,156)	(73,471)
Fair value changes of investment properties		(255,524)	(200,457)
Impairment losses under expected credit loss model, net of reversal	12	1,221	1,239
Finance costs	5	(21,972)	(26,512)
Share of results of associates		(17,172)	20,414
Share of results of joint ventures		12	173
Loss before taxation	6	(175,845)	(127,228)
Taxation	7	90,069	68,135
Loss for the period		(85,776)	(59,093)
Loss for the period attributable to:			
Owners of the Company		(42,337)	(28,578)
Non-controlling interests		(43,439)	(30,515)
		(85,776)	(59,093)
Loss per share	8		
Basic and diluted		(HK1.37 cents)	(HK0.93 cents)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Six months ended	
	30 June 2025 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Unaudited)
Loss for the period	(85,776)	(59,093)
Other comprehensive income/(expense): <i>Items that may be reclassified subsequently to profit or loss</i>		
Exchange differences arising on translating foreign operations		
— subsidiaries	243,910	(191,982)
— associates	6,569	(5,730)
— joint ventures	—	(1,610)
Other comprehensive income/(expense) for the period	250,479	(199,322)
Total comprehensive income/(expense) for the period	164,703	(258,415)
Total comprehensive income/(expense) for the period attributable to:		
Owners of the Company	151,311	(181,929)
Non-controlling interests	13,392	(76,486)
	164,703	(258,415)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

	NOTES	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Non-current assets			
Property, plant and equipment	10	2,779,039	2,241,421
Right-of-use assets	10	177,516	196,624
Investment properties	10	7,961,643	7,992,128
Interests in associates		226,405	237,007
Interests in joint ventures		66,057	66,045
Financial assets at fair value through profit or loss	17	104,280	107,227
Deposits paid for property, plant and equipment		54,739	88,585
Long-term assets	11	25,485	24,854
		11,395,164	10,953,891
Current assets			
Inventories		639,617	556,372
Trade and other receivables	11	1,280,559	1,200,250
Amount due from a related party	18(a)(iv)	1,856	1,358
Financial assets at fair value through profit or loss	17	2,142	1,447
Pledged bank deposits	13	45,937	39,110
Restricted bank deposits	13	32,374	31,756
Short-term bank deposits	13	290,672	342,584
Cash and cash equivalents		1,120,409	1,154,546
		3,413,566	3,327,423

Condensed Consolidated Statement of Financial Position

At 30 June 2025

	NOTES	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Current liabilities			
Trade and other payables	14	1,586,128	1,307,921
Contract liabilities		49,159	67,145
Lease liabilities		38,992	36,761
Bank borrowings	15	162,676	164,251
Amount due to a joint venture		66,087	64,087
Taxation payable		53,079	9,017
		1,956,121	1,649,182
Net current assets		1,457,445	1,678,241
Total assets less current liabilities		12,852,609	12,632,132
Non-current liabilities			
Lease liabilities		52,042	68,720
Bank borrowings	15	355,372	185,574
Loan from a major shareholder	18(a)(i)	109,409	106,270
Loan from a related party	18(a)(ii)	1,013,129	1,057,386
Deferred taxation		2,041,665	2,097,893
		3,571,617	3,515,843
		9,280,992	9,116,289

Condensed Consolidated Statement of Financial Position

At 30 June 2025

	NOTES	30 June 2025 HK\$'000 (Unaudited)	31 December 2024 HK\$'000 (Audited)
Capital and reserves			
Share capital	19	1,154,511	1,154,511
Reserves		6,151,186	5,999,875
Equity attributable to owners of the Company		7,305,697	7,154,386
Non-controlling interests		1,975,295	1,961,903
		9,280,992	9,116,289

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company									Total HK\$'000
	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	
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
At 1 January 2024 (audited)	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 period	-	-	-	-	-	-	(28,578)	(28,578)	(30,515)	(59,093)
Exchange differences arising on translating foreign operations										
— subsidiaries	-	-	-	(146,011)	-	-	-	(146,011)	(45,971)	(191,982)
— associates	-	-	-	(5,730)	-	-	-	(5,730)	-	(5,730)
— joint ventures	-	-	-	(1,610)	-	-	-	(1,610)	-	(1,610)
Total comprehensive expense for the period	-	-	-	(153,351)	-	-	(28,578)	(181,929)	(76,486)	(258,415)
At 30 June 2024 (unaudited)	1,154,511	14,044	144,805	(551,951)	30,523	44,926	6,392,690	7,229,548	1,982,997	9,212,545

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended	
	30 June 2025 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Unaudited)
Net cash from operating activities	297,801	138,011
Net cash used in investing activities		
Purchase of property, plant and equipment	(437,285)	(237,350)
Deposits paid for acquisition of property, plant and equipment	(53,396)	(92,502)
Proceeds from disposal of property, plant and equipment	978	1,097
Proceeds from disposal of financial assets at fair value through profit or loss	15,998	–
Payment for development costs incurred in respect of investment properties	–	(21,269)
Placement of short-term bank deposits	(618,600)	(280,932)
Withdrawal of short-term bank deposits	672,496	204,008
Placement of pledged bank deposits	(72,387)	(236,669)
Withdrawal of pledged bank deposits	66,856	180,792
Other investing cash flows	12,074	14,810
	(413,266)	(468,015)

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2025

	Six months ended	
	30 June 2025 HK\$'000 (Unaudited)	30 June 2024 HK\$'000 (Unaudited)
Net cash used in financing activities		
Repayment of loan from a related party	(73,756)	(41,549)
Interest paid	(16,917)	(25,880)
Repayments of lease liabilities	(19,162)	(18,200)
Repayment of bank borrowings	(4,798)	(2,726)
Bank borrowings raised	158,460	27,263
Proceeds from discounted bills with recourse	–	6,522
	43,827	(54,570)
Net decrease in cash and cash equivalents	(71,638)	(384,574)
Cash and cash equivalents at 1 January	1,154,546	1,509,144
Effect of foreign exchange rate changes	37,501	(9,521)
Cash and cash equivalents at 30 June, represented by bank balances and cash	1,120,409	1,115,049

NOTES TO THE INTERIM FINANCIAL INFORMATION

For the six months ended 30 June 2025

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 2024 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 2024 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.

Notes to the Interim Financial Information

For the six months ended 30 June 2025

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 Hong Kong Financial Reporting Standards ("HKFRSs") Accounting Standards, the accounting policies and methods of computation used in the interim financial information for the six months ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

Application of new amendments to HKFRSs Accounting Standards

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

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to HKFRSs 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 2025, 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”.

Notes to the Interim Financial Information

For the six months ended 30 June 2025

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 2025

	Revenue			Segment results HK\$'000
	External sales HK\$'000	Inter-segment sales HK\$'000	Total 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)

Notes to the Interim Financial Information

For the six months ended 30 June 2025

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 2024

	Revenue			Segment results HK\$'000
	External sales HK\$'000	Inter-segment sales HK\$'000	Total HK\$'000	
Hi-Tech Manufacturing Business				
Plastic products	794,838	15,689	810,527	36,832
Liquid crystal display	323,594	–	323,594	29,015
Printed circuit boards	456,418	–	456,418	19,335
Intelligent chargers	137,580	269	137,849	(1,872)
Intelligent power modules	7,764	–	7,764	(13,676)
Industrial property investment	5,161	13,049	18,210	(9,946)
	1,725,355	29,007	1,754,362	59,688
Aerospace Service				
Property investment in Shenzhen Aerospace Science & Technology Plaza	95,585	48	95,633	(127,053)
Reportable segments total	1,820,940	29,055	1,849,995	(67,365)
Elimination	–	(29,055)	(29,055)	–
Other Business	3,816	–	3,816	(295)
	1,824,756	–	1,824,756	(67,660)
Unallocated corporate income				13,660
Unallocated corporate expenses				(35,363)
Unallocated gains and losses				(31,940)
Share of results of associates				20,414
Share of results of joint ventures				173
Finance costs				(26,512)
Loss before taxation				(127,228)

Notes to the Interim Financial Information

For the six months ended 30 June 2025

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 joint ventures and associates, 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 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

**Notes to the Interim
Financial Information**

For the six months ended 30 June 2025

3. REVENUE AND SEGMENT INFORMATION *(continued)*

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

For the six months ended 30 June 2024

	Timing of revenue recognition		
	A point in time HK\$'000	Over time HK\$'000	Total HK\$'000
Manufacturing of goods	1,720,194	–	1,720,194
Property management fee	–	20,407	20,407
Others	2,430	–	2,430
Revenue from contracts with customers	1,722,624	20,407	1,743,031
Leases			81,725
Total revenue			1,824,756

Notes to the Interim Financial Information

For the six months ended 30 June 2025

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 2025	30 June 2024
	HK\$'000	HK\$'000
Hong Kong, China	526,866	844,626
Mainland China	1,260,811	793,718
Overseas	155,508	104,687
Revenue from contracts with customers	1,943,185	1,743,031
Leases	80,256	81,725
Total revenue	2,023,441	1,824,756

**Notes to the Interim
Financial Information**

For the six months ended 30 June 2025

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 2025 HK\$'000	31 December 2024 HK\$'000
Segment assets		
Hi-Tech Manufacturing Business		
Plastic products	1,528,229	1,411,838
Liquid crystal display	464,929	479,336
Printed circuit boards	2,134,325	1,600,703
Intelligent chargers	238,085	242,689
Intelligent power modules	154,263	148,994
Industrial property investment	185,792	196,245
	4,705,623	4,079,805
Aerospace Service		
Property investment in Shenzhen Aerospace Science & Technology Plaza	8,023,836	8,039,994
Total assets for reportable segments	12,729,459	12,119,799
Other Business	108,079	108,999
Interests in associates	226,405	237,007
Interests in joint ventures	66,057	66,045
Unallocated assets	1,678,730	1,749,464
Consolidated assets	14,808,730	14,281,314

Notes to the Interim Financial Information

For the six months ended 30 June 2025

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 2025 HK\$'000	31 December 2024 HK\$'000
Segment liabilities		
Hi-Tech Manufacturing Business		
Plastic products	526,969	487,136
Liquid crystal display	129,965	124,949
Printed circuit boards	648,140	396,590
Intelligent chargers	80,336	84,197
Intelligent power modules	23,919	14,379
Industrial property investment	9,784	10,994
	1,419,113	1,118,245
Aerospace Service		
Property investment in Shenzhen Aerospace Science & Technology Plaza	65,438	57,052
Total liabilities for reportable segments	1,484,551	1,175,297
Unallocated liabilities	4,043,187	3,989,728
Consolidated liabilities	5,527,738	5,165,025

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 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, bank borrowings, loan from a major shareholder, loan from a related party, amount due to a joint venture and the other unallocated liabilities.

Notes to the Interim Financial Information

For the six months ended 30 June 2025

4. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

		Six months ended	
		30 June 2025 HK\$'000	30 June 2024 HK\$'000
(a)	The Group's other income mainly comprises:		
	Bank interest income	12,579	13,410
	Sales of scrap materials	23,812	12,752
(b)	The Group's other gains and losses, net, mainly comprises:		
	(Losses)/gains on disposal of property, plant and equipment	(200)	656
	Net gains/(losses) from changes in fair value of financial assets at FVTPL	10,471	(27,686)
	Net exchange (losses)/gains	(12,443)	4,827

Notes to the Interim Financial Information

For the six months ended 30 June 2025

5. FINANCE COSTS

	Six months ended	
	30 June 2025 HK\$'000	30 June 2024 HK\$'000
Interest on:		
Loan from a major shareholder	2,683	2,757
Loan from a related party	14,379	19,289
Bank borrowings	2,690	1,736
Lease liabilities	2,220	2,730
	21,972	26,512

6. LOSS BEFORE TAXATION

	Six months ended	
	30 June 2025 HK\$'000	30 June 2024 HK\$'000
Loss before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	109,199	118,935
Depreciation of right-of-use assets	24,931	19,144

Notes to the Interim Financial Information

For the six months ended 30 June 2025

7. TAXATION

	Six months ended	
	30 June 2025 HK\$'000	30 June 2024 HK\$'000
Current tax		
Hong Kong Profits Tax (Note (i))	2,048	2,154
People's Republic of China ("PRC") Enterprise Income Tax (Note (ii))	9,524	6,040
	11,572	8,194
Deferred tax credit	(101,641)	(76,329)
	(90,069)	(68,135)

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% (2024: 200%) of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year.

Notes to the Interim Financial Information

For the six months ended 30 June 2025

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 2025 HK\$'000	30 June 2024 HK\$'000
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic and diluted loss per share	(42,337)	(28,578)
	30 June 2025 '000	30 June 2024 '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 does not assume the conversion of convertible loan notes because the exercise price of the convertible loan notes was higher than the average market price for share for the six months ended 30 June 2025 and 30 June 2024.

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 2025, the Group acquired property, plant and equipment of approximately HK\$582,860,000 (six months ended 30 June 2024: HK\$236,513,000), and no investment properties is acquired (six months ended 30 June 2024: approximately HK\$21,155,000).

Notes to the Interim Financial Information

For the six months ended 30 June 2025

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

During the six months ended 30 June 2025, the Group disposed of certain plant and machinery with an aggregate carrying amount of HK\$1,178,000 (six months ended 30 June 2024: HK\$441,000) for cash proceeds of HK\$978,000 (six months ended 30 June 2024: HK\$1,097,000), resulting in a loss on disposal of HK\$200,000 (six months ended 30 June 2024: gain of HK\$656,000).

During the six months ended 30 June 2024, the Group entered into a new lease agreement with lease term of 3 year. On date of lease commencement, the Group recognised right-of-use assets of HK\$9,190,000 and lease liabilities of HK\$9,190,000.

The fair values of the Group's investment properties at 30 June 2025 and 31 December 2024 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\$7,961,643,000 (31 December 2024: HK\$7,992,128,000) 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\$255,524,000 (six months ended 30 June 2024: decrease of HK\$200,457,000) has been recognised directly in the condensed consolidated statement of profit or loss.

The capitalisation rates adopted in the income capitalisation approach range from 4.25% to 8% (31 December 2024: 4% 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.

Impairment assessment

Due to the loss from the certain reportable segments, the management of the Group concluded there was an indication for impairment and conducted impairment assessment on carrying amounts of certain cash-generating units within those reportable segments. Based on the result of the assessment, no impairment loss related to property, plant and equipment and right-of-use assets was recognised during both periods.

**Notes to the Interim
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For the six months ended 30 June 2025

11. TRADE AND OTHER RECEIVABLES AND LONG-TERM ASSETS

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Trade receivables from contracts with customers		
— Hi-Tech Manufacturing Business	1,134,774	1,045,549
— Aerospace Service	56,017	51,319
	1,190,791	1,096,868
Less: Allowance for credit losses	(74,493)	(75,714)
	1,116,298	1,021,154
Lease receivables		
— billed	51,507	57,492
— unbilled	25,485	24,854
	76,992	82,346
Less: Allowance for credit losses	(51,507)	(52,097)
	25,485	30,249
Total trade receivable for contracts with customers and lease receivables	1,141,783	1,051,403
Other receivables, deposits and prepayment	211,064	220,504
Less: Allowance for credit losses	(46,803)	(46,803)
	164,261	173,701
Total trade and other receivables	1,306,044	1,225,104
Current	1,280,559	1,200,250
Non-current as long-term assets	25,485	24,854
	1,306,044	1,225,104

Notes to the Interim Financial Information

For the six months ended 30 June 2025

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 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Within 90 days	1,026,172	912,575
Between 91–180 days	90,126	90,035
Between 181–365 days	–	18,544
	1,116,298	1,021,154

As at 30 June 2025, included in the Group's trade receivables is bills received amounting to HK\$102,940,000 (31 December 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.

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 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Within 90 days	11,153	5,395

Included in the Group's other receivables at 30 June 2025 is value-added tax recoverable of HK\$93,719,000 (31 December 2024: HK\$94,627,000).

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 2025 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2024. 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\$1,221,000 (six months ended 30 June 2024: HK\$1,239,000).

Notes to the Interim Financial Information

For the six months ended 30 June 2025

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

The Group's bank deposits amounting to HK\$45,937,000 (31 December 2024: HK\$39,110,000) have been pledged to secure the general banking facilities of the Group.

The Group's bank deposits amounting to HK\$32,374,000 (31 December 2024: HK\$31,756,000) are restricted due to the involvement in litigations.

At 30 June 2025, short-term bank deposits with a maturity of more than three months carry fixed interest rates ranging from 0.45% to 4.23% per annum (31 December 2024: 1.30% to 5.24%).

At 30 June 2025, bank balances and pledged bank deposits carry interest at prevailing market rates which range from 0.001% to 4.37% (31 December 2024: 0.001% to 0.2%) 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.

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For the six months ended 30 June 2025

14. TRADE AND OTHER PAYABLES

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Trade payables	793,241	638,870
Accrued charges and provisions	85,197	97,205
Accrued salaries and wages and others	123,752	148,869
Refundable deposits received	52,667	52,242
Other payables	531,271	370,735
	1,586,128	1,307,921

Other payables included an amount of HK\$54,000,000 (31 December 2024: 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\$97,584,000 (31 December 2024: HK\$65,396,000).

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

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Within 90 days	744,396	619,928
Between 91–180 days	48,845	18,942
	793,241	638,870

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For the six months ended 30 June 2025

15. BANK BORROWINGS

	30 June 2025 HK\$'000 (unaudited)	31 December 2024 HK\$'000 (audited)
Secured bank borrowings	255,809	98,300
Unsecured bank borrowings	262,239	251,525
Less: Amount due within one year included in current liabilities	(162,676)	(164,251)
Amount due after one year	355,372	185,574
The carrying amounts of the above bank loans are repayable*:		
Within one year	162,676	164,251
Within a period of more than one year but not exceeding two years	17,506	15,276
Within a period of more than two years but not exceeding five years	304,777	98,565
More than five years	33,089	71,733
	518,048	349,825

* 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 2025, the subsidiary drawn down RMB143,810,000 (equivalent to approximately HK\$157,341,000). 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 RMB400,013,000 (equivalent to approximately HK\$437,651,000) at 30 June 2025 and the effective interest rates is 2.8%.

Notes to the Interim Financial Information

For the six months ended 30 June 2025

15. BANK BORROWINGS *(continued)*

Bank borrowings of RMB90,000,000 (equivalent to approximately HK\$98,468,000) (31 December 2024: RMB92,500,000 (equivalent to approximately HK\$98,300,000)) are secured by the Group's investment properties with a valuation of approximately of RMB171,000,000 and the remaining are unsecured.

During the six months ended 30 June 2024, the Group obtained new bank loans amounting to RMB25,000,000 (equivalent to approximately HK\$26,853,000). 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 3 to 5 years. The loans were unsecured and the effective interest rates ranged from 2.57% to 3.40%.

16. CAPITAL COMMITMENTS

	30 June 2025 HK\$'000	31 December 2024 HK\$'000
Capital expenditure contracted for but not provided in the interim financial information in respect of:		
— acquisition of property, plant and equipment	373,771	437,360

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 2025, 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\$2,142,000 (31 December 2024: HK\$1,447,000) and listed convertible bonds issued by its associate, which is listed on Shanghai Stock Exchange amounting to HK\$104,280,000 (31 December 2024: HK\$107,227,000).

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 2025 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 2025, 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 is unsecured, bears a fixed interest at 5% per annum and is repayable in May 2026. The interest paid to such loan during the six months ended 30 June 2025 amounted to RMB2,514,000 (equivalent to approximately HK\$2,683,000) (six months ended 30 June 2024: RMB2,528,000 (equivalent to approximately HK\$2,757,000)).

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 Aerospace Technology. As at 30 June 2025, the Group has drawn down RMB926,000,000 (equivalent to approximately HK\$1,013,129,000) (31 December 2024: RMB995,000,000 (equivalent to approximately HK\$1,057,386,000)). Such loan carries variable interest rates of 3.40% and the interest paid to loans drawn from the Facility during the six months ended 30 June 2025 amounted to RMB13,473,000 (equivalent to approximately HK\$14,379,000) (six months ended 30 June 2024: RMB17,688,000 (equivalent to approximately HK\$19,289,000)).
- (iii) During the six months ended 30 June 2024, the Group discounted bills receivables with recourse in aggregate of HK\$6,522,000 to Aerospace Finance for short-term financing.
- (iv) As at 30 June 2025, deposits placed with Aerospace Finance by the Group amounted to RMB1,696,000 (equivalent to approximately HK\$1,856,000) (31 December 2024: RMB1,278,000 (equivalent to approximately HK\$1,358,000)) 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 2025, the emoluments of key management personnel were HK\$1,535,000 (six months ended 30 June 2024: HK\$1,732,000).

19. SHARE CAPITAL

	30 June 2025 & 31 December 2024 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 2025, bank deposits of HK\$45,937,000 (31 December 2024: HK\$39,110,000) and bills held for future settlement of trade receivables of HK\$67,799,000 (31 December 2024: HK\$82,489,000) and investment properties of approximately HK\$2,268,604,000 (31 December 2024: HK\$2,203,295,000) were pledged to banks and Aerospace Finance to secure the borrowings and other general banking facilities granted to the Group.

As at 30 June 2025, 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 RMB320,000,000 (equivalent to approximately HK\$350,109,000) (31 December 2024: RMB310,000,000 (equivalent to approximately 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 subsidiaries. The Group considers the fair value of the contract was insignificant at initial recognition.

Restriction on assets

In addition, lease liabilities of HK\$91,034,000 (31 December 2024: HK\$105,481,000) are recognised with related right-of-use assets of HK\$79,629,000 (31 December 2024: HK\$93,910,000) as at 30 June 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 13.