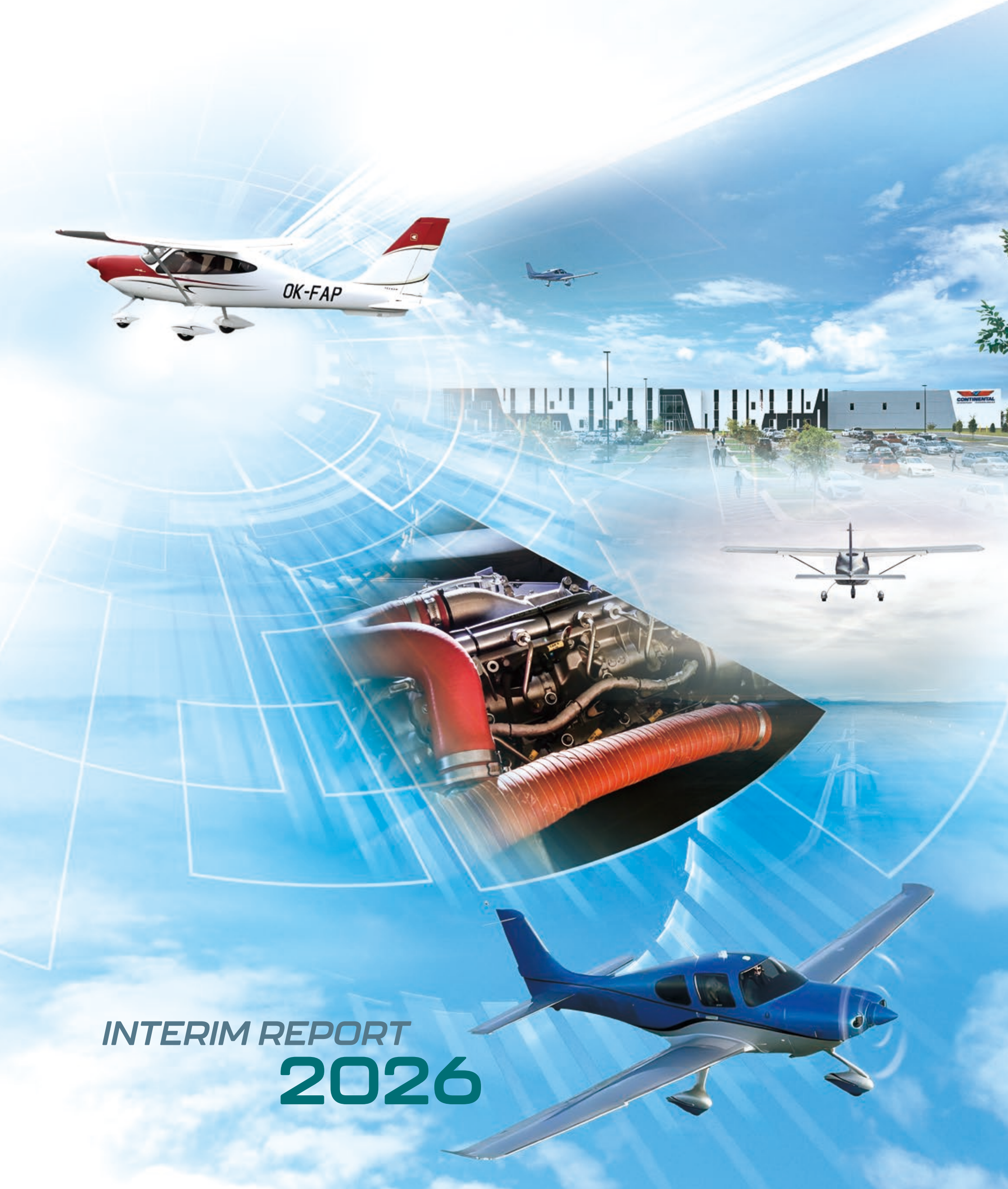
Continental Aerospace Technologies Holding Limited
大陸航空科技控股有限公司

(Incorporated in Bermuda with limited liability)

Stock Code: 232



INTERIM REPORT 2026

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CORPORATE INFORMATION

DIRECTORS

Huang Yongfeng *(Chairman)*
Zhang Zhibiao *(Chief Executive Officer)*
Yu Xiaodong
Hu Min
Li Peiyin (resigned on 30 March 2026)
Huang Kai (appointed on 30 March 2026)
Chow Wai Kam*
Chu Yu Lin, David**
Li Ka Fai, David**
Zhang Ping**

* *Non-executive Director*
** *Independent Non-executive Directors*

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Zhang Ping *(Chairman)*
Chu Yu Lin, David
Hu Min

COMPANY SECRETARY

Kwok Chi Ho

AUDITORS

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

LEGAL ADVISER

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

PRINCIPAL BANKERS

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

REGISTERED OFFICE

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

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

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

SHARE REGISTRARS

Principal registrar

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

Hong Kong registrar

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

WEBSITE

www.cath.com.hk

STOCK CODE

232

CHAIRMAN'S STATEMENT AND MANAGEMENT DISCUSSION AND ANALYSIS

On behalf of the board (the "Board") of directors (the "Directors") of Continental Aerospace Technologies Holding Limited (the "Company"), I am pleased to present the interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2026 (the "Period"). For the avoidance of doubt, this interim report does not cover subsequent events after the date of this interim report (i.e., 13 August 2026). Please refer to the announcements and circular of the Company published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (https://www.cath.com.hk) for details of subsequent events after the date of this interim report.

OVERALL REVIEW

For the first half of 2026, the Group recorded a revenue of HK$950,786,000 (2025: HK$1,005,250,000) and a gross profit of HK$216,245,000 (2025: HK$257,507,000). The Group recorded a loss for the period of HK$100,219,000 (2025: profit for the period of HK$64,293,000), which was mainly due to the loss in the general aviation aircraft piston engine business for the period of HK$106,066,000 (2025: profit for the period of HK$70,925,000).

Basic and diluted loss per share amounted to HK1.08 cents (2025: earnings per share amounted to HK0.69 cent). The return on equity, calculated on the basis of profit/loss attributable to owners of the Company as a percentage of equity attributable to owners of the Company, was-3.4% (2025: 2.1%).

INDUSTRY OBSERVATION

Segments across the general aviation industry registered a mixed performance in 2026, while the industry, on the whole, maintained its strong development momentum from the previous year. According to a report released by the General Aviation Manufacturers Association (GAMA), shipments of piston airplanes and business jets increased by 6.4% and 14.9% respectively through the first quarter of 2026, with total airplane billings rising meaningfully compared with the same period in 2025.

North America continues to represent the largest delivery region for piston aircraft and remains a critical market for the Group's certified Avgas portfolio including aftermarket engines, spares, and its service network. At the same time, international demand for Jet-A, OEM programs, and service capability remains strategically important to the Group's longterm growth.

BUSINESS REVIEW

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

For the first half of 2026, the general aviation aircraft piston engine business of the Group recognised a revenue of HK$950,786,000 (2025: HK$1,005,250,000) and a gross profit of HK$216,245,000 (2025: HK$257,507,000), and recorded a loss for the period of HK$106,066,000 (2025: profit of HK$70,925,000), which was mainly due to the increasing operational pressure of the business units, lower gross profit performance compared to the same period last year, the provision for estimated loss on remeasurement of assets held for sale in respect of the property disposal, and the provision for the settlement payment in respect of the Paycheck Protection Program Loan, details of which were disclosed in the announcement of the Company dated 4 August 2026. Key factors affecting production capacity and profitability in the first half of the year included intensified supply chain challenges, insufficient effective utilisation of production equipment, and rising quality costs. In response, management has implemented targeted measures to proactively address these challenges.

Despite the below-expectation business performance in the first half of the year, the Group made meaningful progress in the expansion and upgrade of service coverage, as well as product research and development and certification. Key operational highlights for the first half of 2026 include:

Product sales

- **Product Sales Strategy**: The Group advanced product-line order strategies, with focus on gasoline OEM engines, aftermarket engines, TITAN and Prime engines, aftermarket spares, diesel OEM engines, government programs, and Jet-A spares, in order to attract more new orders.

- **OEM Programs**: The Group advanced engine programs with key OEM customers, including Cirrus, Tecnam, Piper, Diamond, and other partners.

BUSINESS REVIEW *(cont'd)*

Product sales *(cont'd)*

- **Aftermarket Growth**: The Group continued to evaluate the scheme for broader aftermarket participation, including engine overhaul exchange, spares stocking, distribution network expansion, and improved customer access to critical spares and services.

Service improvement

- **Warranty Enhancement**: The Group expanded warranty coverage across certified Avgas and Jet-A product families. During the July Oshkosh show, the Group announced a one-year extension to the base warranty for most product segments. Service coverage has been expanded through preferred and authorised shops.

- **Illustrated Parts Catalog (IPC) Expansion**: The IPC has expanded to include Continental-Bendix ignition systems (S20, S200, and S1200 magnetos), providing customers with direct parts identification and ordering capability that was previously only available through PDF manuals.

Sustained enhancement of product research and development and validation

- **Product research and development**: The Group continued operation of ContinentalBendix ignition systems and simplified maintenance planning while released an updated V-Band Coupling for the TSIO-360 model engines to provide a permanent compliance solution for customers.

- **Three FAA-approved Alternate Methods of Compliance (AMOCs)**: AMOCs minimize aircraft downtime while maintaining compliance and safety.

- **GTSIO 520-S international validation support**: The Group earned validation support for installation of the GTSIO-520-S engines on the Tecnam P2012 in New Zealand, Australia, and Ecuador, with efforts continuing in Canada and China.

FINANCIAL REVIEW

Goodwill

The Group's goodwill acquired through business combination has been allocated to USA CGU and Germany CGU. As at 30 June 2026, the entire amount of the goodwill related to the Germany CGU was HK$14,391,000, which was included in "assets classified as held for sale" under the condensed consolidated statement of financial position (31 December 2025: HK$14,611,000). The impairment assessment of the USA CGU and the Germany CGU was performed with the support of Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professionally qualified valuer.

During the six months ended 30 June 2026 and 2025, no impairment loss was recognised.

Other intangible assets

Other intangible assets consist of development programs in progress, trademarks, product technology, licence and completed programs and customer relationships. As at 30 June 2026, the Group's other intangible assets were HK$1,233,843,000, which was included in "assets classified as held for sale" under the condensed consolidated statement of financial position (31 December 2025: HK$1,265,597,000).

Administrative expenses

Administrative expenses consist of salaries and wages, product liability expenses, legal and professional expenses and other general expenses. During the Period, the Group recorded administrative expenses of HK$156,015,000 (2025: HK$162,792,000).

LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The Group has consistently maintained sufficient working capital. As at 30 June 2026, the Group had total current assets of HK$4,058,396,000 (31 December 2025: HK$1,962,112,000), including cash and cash equivalents and time deposits with original maturity over three months in an aggregate of HK$925,908,000, of which HK$348,964,000 was included in “assets classified as held for sale” under the condensed consolidated statement of financial position (31 December 2025: HK$951,330,000). The Group’s total current liabilities as at 30 June 2026 were HK$1,115,705,000 (31 December 2025: HK$494,621,000).

As at 30 June 2026, the Group’s total equity amounted to HK$2,941,421,000 (31 December 2025: HK$3,089,332,000), comprising share capital of HK$930,337,000 (31 December 2025: HK$930,337,000) and reserves of HK$2,011,084,000 (31 December 2025: HK$2,158,995,000). The Group’s interest-bearing debts included lease liabilities of HK$282,427,000, which was included in “liabilities directly associated with assets classified as held for sale” under condensed consolidated statement of financial position (31 December 2025: HK$283,327,000). As at 30 June 2026, the Group’s gearing ratio, calculated on the basis of the interest-bearing debts, which was included in “liabilities directly associated with assets classified as held for sale” under condensed consolidated statement of financial position as a percentage of total equity plus the interest-bearing debts, was 8.8% (31 December 2025: 8.4%).

CHARGES ON THE GROUP’S ASSETS

As at 30 June 2026 and 31 December 2025, there are no assets pledged to secure the Group’s bank facilities.

EXPOSURE TO FOREIGN CURRENCY RISK

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

MATERIAL ACQUISITIONS AND DISPOSALS

Proposed very substantial disposal of the entire share capital of Motto Investment Limited

On 5 June 2026, the Company and MOBILE ACQUISITIONCO LLC (the "Purchaser") jointly announced that the Company, the Purchaser and A&D SUBSYSTEMS BORROWER SERIES LP – SPACE SERIES (the "Purchaser Guarantor") entered into a sale and purchase agreement (the "Sale and Purchase Agreement"), whereby the Company agreed to sell, and the Purchaser agreed to purchase the entire issued share capital of Motto Investment Limited (the "Target Company"), and to settle any indebtedness owed by any member of the Target Company and its subsidiaries (the "Target Group") to the Company, excluding trade payables and other ordinary course liabilities incurred on arm's-length terms, and any indebtedness owed by a member of the Target Group to another member of the Target Group (the "Shareholder and Intercompany Loans") (the "Disposal").

As one or more applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal under the Sale and Purchase Agreement exceeds 75%, the Disposal constitutes a very substantial disposal for the Company pursuant to Rule 14.06(4) of the Listing Rules.

Connected transaction and special deal in relation to the Disposal of property

On 5 June 2026, the Company entered into an agreement for sale and purchase (the "Property Sale and Purchase Agreement") with AVIC Innovation (HK) Group Limited, a company incorporated under the laws of Hong Kong and a direct controlling shareholder of the Company ("AVIC Innovation (HK) Group"), pursuant to which the Company conditionally agreed to sell, and AVIC Innovation (HK) Group conditionally agreed to purchase, the property owned by the Company located at Office B on 15th Floor, United Centre, No. 95 Queensway, Hong Kong (the "Property") at a consideration of HK$69.5 million (approximately HK$13,200 per square foot) (the "Property Disposal Consideration") (the "Property Disposal").

As at the date of the Property Sale and Purchase Agreement, AVIC Innovation (HK) Group is a substantial shareholder and a connected person of the Company. The Property Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

MATERIAL ACQUISITIONS AND DISPOSALS *(cont'd)*

Connected transaction and special deal in relation to the Disposal of property *(cont'd)*

As the Property Disposal is an arrangement involving AVIC Innovation (HK) Group, a substantial shareholder of the Company, and such arrangement is not extended to all Shareholders, the Property Disposal constitutes a special deal under Note 4 to Rule 25 of The Hong Kong Code on Takeovers and Mergers and requires the consent of the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong (the "Executive"). The Company has made an application to seek the consent of the Executive for the Property Disposal as a special deal and such consent, if granted, will be subject to certain conditions. As at 30 June 2026, the Executive has not granted its consent and the completion of the Property Disposal has not taken place.

Please refer to the joint announcement dated 5 June 2026 issued by the Company and the Purchaser (the "Joint Announcement") for further details.

Save as disclosed above, the Group had no material acquisitions or disposals during the six months ended 30 June 2026.

EVENTS AFTER THE REPORTING PERIOD

Proposed very substantial disposal of the entire share capital of Motto Investment Limited

As disclosed in the section headed "Material Acquisitions and Disposals" in this interim report, on 5 June 2026, the Company, the Purchaser and the Purchaser Guarantor entered into the Sale and Purchase Agreement regarding the sale and purchase of the entire issued share capital of the Target Company to the Purchaser, being the Disposal, as well as the settlement of the Shareholder and Intercompany Loans. The Disposal is subject to certain conditions, which are yet to be fully fulfilled as at the date of this interim report and as such, the completion of the Disposal has not taken place.

EVENTS AFTER THE REPORTING PERIOD *(cont'd)*

Proposed withdrawal of listing of the Company

The Board is of the view that as a result of the Disposal, the Company would no longer have a sufficient level of operations and assets of sufficient value to support its operations to warrant continued listing of its securities pursuant to Rule 13.24(1) of the Listing Rules. As such, the Board proposed that the Company would voluntarily withdraw its listing on the Stock Exchange in accordance with Rule 6.15(2) of the Listing Rules. The proposed withdrawal of listing of the Company is subject to certain conditions. As at the date of this interim report, such conditions have yet to be fully fulfilled.

Proposed declaration of Special Dividend on Disposal and Cash Dividend on Property Disposal

Special Dividend on Disposal

The Board proposed, subject to the fulfilment of the conditions applicable to the Disposal, the Company would distribute the aggregate consideration for the Disposal and the settlement of the Shareholder and Intercompany Loans upon completion of the Disposal in its entirety as the Special Dividend on Disposal on a pro rata basis to the relevant eligible Shareholders.

Cash Dividend on Property Disposal

The Board proposed, subject to the approval by the shareholders of the Company (other than AVIC Innovation (HK) Group, its associates, and the parties interested in the Property Disposal) of the Property Disposal, the Company will dispose of the Property upon completion of the Property Disposal, and distribute the Property Disposal Consideration as Cash Dividend on Property Disposal on a pro rata basis to the relevant eligible Shareholders.

Please refer to the Joint Announcement for further details. The Company will provide further update to the Shareholders on the amount of the Special Dividend on Disposal and the Cash Dividend on Property Disposal in the circular to be jointly issued by the Company and the Purchaser.

EVENTS AFTER THE REPORTING PERIOD *(cont'd)*

Proposed Winding up of the Company

The Directors will resolve to wind up the Company voluntarily as soon as practicable following the full payment of the Special Dividend on Disposal, the Cash Dividend on Property Disposal and the full settlement of outstanding liabilities of the Group (if any).

Please refer to the Joint Announcement for further details.

PPP loan

On 31 July 2026 (U.S. Central Daylight Time), Continental Aerospace Technologies, Inc. ("CAT US"), an indirect wholly owned subsidiary of the Company, entered into a settlement agreement (the "Settlement Agreement") with the U.S. Department of Justice ("DOJ") concerning a Paycheck Protection Program ("PPP") loan obtained by CAT US and later forgiven under the U.S. Coronavirus Aid, Relief, and Economic Security Act. Please refer to the inside information announcement of the Company dated 4 August 2026 for further details.

On 6 August 2026 (U.S. Central Daylight Time), a total settlement amount of US$11,821,706.10 was paid by CAT US to the U.S. government pursuant to the Settlement Agreement.

Save as disclosed, there were no other significant events after the six months ended 30 June 2026 and up to the date of this interim report.

CONTINGENT LIABILITIES

As at 30 June 2026, the Group did not have any significant contingent liabilities (31 December 2025: Nil).

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2026, there were 603 (31 December 2025: 612) employees in the Group. The employees' wages and salaries, amounted to HK$184,877,000 (2025: HK$181,408,000) for the Period. The Group recognises the importance of good relationship with employees. The Directors believe that the working environment and benefits offered to employees have contributed to building good staff relations and retention. The Group's remuneration policies are formulated based on the performance of individual employees and market conditions and are reviewed regularly. The Group also provides other staff benefits including medical and life insurance and grants discretionary incentive bonuses to eligible staff based on their performance and contributions to the Group.

OUTLOOK

Development of the general aviation market is expected to remain optimistic, supported by piston aircraft demand, premium private-pilot activity, flight training, and business aviation strength. However, uneven segment demands, higher ownership costs, and supply constraints will continue to pressure delivery schedules and customer expectations.

In the future, the Group will continue to advance innovation across certified Avgas, Jet-A, rotorcraft, and service platforms, support sustainable and unleaded fuel testing, digital service capabilities, FADEC data utilisation, and product improvements that enhance reliability, efficiency, and customer value.

In 2026, the Group is recognising the 25th anniversary of its Jet-A program, a milestone that reflects a quarter-century of innovation, reliability, and leadership in engine technology. This milestone reinforces the Group's commitment to advancing aviation through engineering excellence, product reliability, and customer-focused support.

APPRECIATION

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

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

Hong Kong, 13 August 2026

OTHER INFORMATION

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

As at 30 June 2026, the interests and short positions of the Directors and the chief executive in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (a) as recorded in the register required to be kept under Section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long positions in ordinary shares of the Company

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

Save as disclosed above and except for certain Directors who had non-beneficial interests in certain subsidiaries of the Company held for the benefits of the Company, as at 30 June 2026, none of the Directors nor chief executive had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (a) as recorded in the register required to be kept under Section 352 of the SFO; or (b) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

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

As at 30 June 2026, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

Name of shareholders	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital as at 30 June 2026
Tacko International Limited ("Tacko")	Beneficial owner	1,895,559,000	20.37
AVIC Innovation (HK) Group Limited ("AVIC Innovation (HK) Group")	Beneficial owner	2,421,341,390	26.03
AVIC Innovation (HK) Group	Through a controlled corporation	4,316,900,390	46.40
AVIC Innovation Holding Limited ("AVIC Innovation")	Through a controlled corporation	4,316,900,390	46.40
Aviation Industry Corporation of China, Ltd. ("AVIC")	Through a controlled corporation	4,316,900,390	46.40
J.P. Morgan Securities LLC	Beneficial owner	259,316,000	2.79
J.P. Morgan Broker-Dealer Holdings Inc.	Through a controlled corporation	259,316,000	2.79
JPMorgan Chase Holdings LLC	Through a controlled corporation	259,316,000	2.79
J.P. MORGAN SECURITIES PLC	Beneficial owner	405,171,298	4.36
J.P. MORGAN CAPITAL HOLDINGS LIMITED	Through a controlled corporation	405,171,298	4.36
J.P. Morgan International Finance Limited	Through a controlled corporation	405,171,298	4.36
JPMorgan Chase Bank, National Association	Through a controlled corporation	405,171,298	4.36
JPMorgan Chase & Co.	Through a controlled corporation	664,487,298	7.14

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES *(cont'd)*

Long positions: *(cont'd)*

According to notices of disclosure of interests filed with the Company,

(1) Tacko is a wholly-owned subsidiary of AVIC Innovation (HK) Group, which in turn is a wholly-owned subsidiary of AVIC Innovation. AVIC Innovation is a wholly-owned subsidiary of AVIC. Accordingly, each of AVIC Innovation (HK) Group, AVIC Innovation and AVIC is deemed to have interest in the shares held by Tacko; and

(2) J.P. Morgan Securities LLC and J.P. MORGAN SECURITIES PLC are indirect wholly-owned subsidiaries of JPMorgan Chase & Co. Accordingly, JPMorgan Chase & Co. is deemed to have an interest in the shares held by J.P. Morgan Securities LLC and J.P. MORGAN SECURITIES PLC.

Save as disclosed above, as at 30 June 2026, no person had any interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

As at 30 June 2026, there are no treasury shares held by the Company.

CORPORATE GOVERNANCE

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

For the six months ended 30 June 2026, the Company applied the principles of, and complied with all the code provisions and, where applicable, the recommended best practices of the Corporate Governance Code as set out in Part 2 of Appendix C1 of the Listing Rules.

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

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") as set out in Appendix C3 of the Listing Rules as the Company's code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all the Directors, all of them confirmed that they have complied with the required standard as set out in the Model Code throughout the six months ended 30 June 2026.

AUDIT COMMITTEE

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

REVIEW OF INTERIM RESULTS

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2026 has been reviewed by the Audit Committee, and has also been reviewed by Ernst & Young in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

INTERIM FINANCIAL INFORMATION

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**950,786**	1,005,250
Cost of sales		**(734,541)**	(747,743)
Gross profit		**216,245**	257,507
Other income and gains		**30,363**	71,916
Selling and distribution expenses		**(43,642)**	(40,949)
Administrative expenses		**(156,015)**	(162,792)
Research and development costs		**(28,712)**	(28,301)
Other operating expenses		**(57,589)**	–
Other expenses		**(92,236)**	–
Finance costs		**(6,430)**	(6,553)
Share of loss of an associate		**–**	(2,008)
Impairment loss on investment in an associate		**–**	(13,805)
PROFIT/(LOSS) BEFORE TAX	*5*	**(138,016)**	75,015
Income tax credit/(expense)	*6*	**37,797**	(10,722)
PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(100,219)**	64,293
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*7*	**HK(1.08) cents**	HK0.69 cent

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE PERIOD	**(100,219)**	64,293
OTHER COMPREHENSIVE INCOME/(LOSS)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(3,887)**	68,674
Items that may not be reclassified subsequently to profit or loss:		
Remeasurement of defined benefit plans, net of tax	**2,712**	–
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**(1,175)**	68,674
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, ATTRIBUTABLE TO OWNERS OF THE COMPANY	**(101,394)**	132,967

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2026 (Unaudited) *HK$'000***	31 December 2025 (Audited) *HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**104**	618,723
Right-of-use assets		**–**	233,711
Goodwill	*9*	**–**	14,611
Other intangible assets		**–**	1,265,597
Equity investments designated at fair value through other comprehensive income		**–**	2,336
Defined benefit plan assets		**–**	14,522
Total non-current assets		**104**	2,149,500
CURRENT ASSETS			
Inventories		**–**	785,029
Trade receivables	*10*	**–**	165,174
Contract assets		**–**	7,937
Prepayments, deposits and other receivables		**1,297**	41,137
Amount due from a fellow subsidiary	*11*	**–**	11,505
Time deposits		**135,547**	344,416
Cash and cash equivalents		**441,397**	606,914
		578,241	1,962,112
Assets classified as held for sale	*13*	**3,480,155**	–
Total current assets		**4,058,396**	1,962,112

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(cont'd)

	Notes	**30 June 2026 (Unaudited) *HK$'000***	31 December 2025 (Audited) *HK$'000*
CURRENT LIABILITIES			
Trade payables	*12*	**–**	109,043
Other payables, accruals and provisions		**1,265**	274,427
Amount due to a fellow subsidiary		**–**	25,237
Lease liabilities		**–**	9,178
Contract liabilities		**–**	36,163
Tax payable		**–**	40,573
		1,265	494,621
Liabilities directly associated with assets classified as held for sale	*13*	**1,114,440**	–
Total current liabilities		**1,115,705**	494,621
NET CURRENT ASSETS		**2,942,691**	1,467,491
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,942,795**	3,616,991
NON-CURRENT LIABILITIES			
Lease liabilities		**–**	274,149
Defined benefit plan obligations		**–**	1,132
Contract liabilities		**–**	112,547
Provisions		**–**	42,687
Pillar Two tax liabilities		**1,374**	4,454
Deferred tax liabilities		**–**	92,690
Total non-current liabilities		**1,374**	527,659
Net assets		**2,941,421**	3,089,332
EQUITY			
Share capital		**930,337**	930,337
Reserves		**2,011,084**	2,158,995
Total equity		**2,941,421**	3,089,332

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital *HK$'000*	Share premium account *HK$'000*	Asset revaluation reserve *HK$'000*	Translation reserve *HK$'000*	Retained profits *HK$'000*	Total equity *HK$'000*
At 1 January 2026 (audited)	930,337	1,857,729	130,615	(69)	170,720	3,089,332
Loss for the period	–	–	–	–	(100,219)	(100,219)
Other comprehensive income/(loss) for the period:						
Exchange differences on translations of foreign operations	–	–	–	(3,887)	–	(3,887)
Remeasurement of defined benefit plans, net of tax	–	–	–	–	2,712	2,712
Total comprehensive loss for the period	–	–	–	(3,887)	(97,507)	(101,394)
2025 final dividend	–	–	–	–	(46,517)	(46,517)
At 30 June 2026 (unaudited)	930,337	1,857,729	130,615	(3,956)	26,696	2,941,421

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

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six months ended 30 June 2026 HK$'000 (Unaudited)	Six months ended 30 June 2025 HK$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from operating activities	*17*	**57,803**	78,517
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from withdrawal of time deposits with original maturity over three months		**347,948**	182,559
Placements of new time deposits with original maturity over three months		**(136,449)**	(157,764)
Purchases of items of property, plants and equipment		**(14,533)**	(21,118)
Additions of other intangible assets		**(15,504)**	(15,101)
Interest received		**16,466**	6,801
Proceeds on disposal of items of property, plant and equipment		**–**	3
Net cash flows from/(used in) investing activities		**197,928**	(4,620)
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal portion of lease payments		**(4,728)**	(3,940)
Dividends paid		**(46,517)**	(46,517)
Repayment of amounts due to a fellow subsidiary		**(25,342)**	–
Repayment to an intermediate holding company		**–**	(2,391)
Net cash flows used in financing activities		**(76,587)**	(52,848)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(cont'd)*

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**179,144**	21,049
Cash and cash equivalents at beginning of period	**606,914**	243,518
Effect of foreign exchange rate changes, net	**1,778**	9,788
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**787,836**	274,355
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**694,516**	196,254
Non-pledged time deposits with original maturity of less than three months when acquired	**93,320**	78,101
Less: Cash and bank balances included in assets classified as held for sale	**(346,439)**	–
CASH AND CASH EQUIVALENTS AS STATED IN THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	**441,397**	274,355

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2026 is unaudited and has been prepared in accordance with Hong Kong Accounting Standards ("HKAS") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). This unaudited interim financial information does not include all the information and disclosures required for a full set of annual financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

The unaudited interim condensed consolidated financial information has been prepared under the historical cost convention, except for assets classified as held for sale and liabilities directly associated with assets classified as held for sale, which are measured at the lower of their carrying amounts and fair value less costs to sell, and is presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

2. Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the adoption of the following amended HKFRS Accounting Standards for the first time for the current period's financial information.

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*
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

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

3. Operating segment

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

4. Revenue

An analysis of revenue is as follows:

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of aircraft engines and spare parts	**904,917**	961,645
Rendering of services	**45,869**	43,605
	950,786	1,005,250
Disaggregated revenue information for revenue from contracts with customers		
Geographical markets		
USA	**754,195**	781,295
Europe	**97,837**	133,591
Others	**98,754**	90,364
	950,786	1,005,250
Timing of revenue recognition		
Goods transferred at a point in time	**904,917**	961,645
Services transferred over time	**45,869**	43,605
	950,786	1,005,250

5. Profit/(loss) before tax

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

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Cost of inventories sold*	**706,981**	726,907
Cost of services provided*	**27,560**	20,836
Write-down/(reversal of write-down) of inventories**	**3,788**	(11,537)
Depreciation of property, plant and equipment	**23,724**	23,254
Depreciation of right-of-use assets	**7,603**	7,269
Amortisation of other intangible assets	**42,664**	42,814
Foreign exchange differences, net***	**(17,310)**	(38,094)
Gain on deemed disposal of an associate***	**–**	(94)
Insurance compensation***	**–**	(23,121)
Provision for product service bulletin****	**15,669**	–
Provision for estimated loss arising from remeasurement of assets classified as held for sale*****	**37,236**	–
Write-off of other intangible assets*****	**4,684**	–
Provision for the settlement of the Paycheck Protection Program Loan******	**92,236**	–
Impairment loss on investment in an associate	**–**	13,805

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

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

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

**** *In the current period, the Group has provided the provision for product service bulletin of HK$15,669,000 (2025: nil) which was included in "other operating expenses" in the condensed consolidated statement of profit or loss.*

***** *Included in "other operating expenses" in the condensed consolidated statement of profit or loss.*

****** *Included in "other expenses" in the condensed consolidated statement of profit or loss.*

6. Income tax

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2026 as the Group did not generate any assessable profits arising in Hong Kong during the Period (2025: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current – Elsewhere:		
Charge/(credit) for the period	**(31,883)**	5,813
Deferred tax expense/(credit)	**(5,914)**	4,909
	(37,797)	10,722

7. Earnings/(loss) per share attributable to ordinary equity holders of the Company

The calculation of the basic earnings/(loss) per share amounts is based on the profit/(loss) for the period attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares outstanding during the Period.

The calculation of basic and diluted earnings/(loss) per share is based on:

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Earnings/(loss):		
Profit/(loss) attributable to ordinary equity holders of the Company	**(100,219)**	64,293

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Shares:		
Weighted average number of ordinary shares outstanding during the Period	**9,303,374,783**	9,303,374,783

The Group had no potentially dilutive ordinary shares outstanding during the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

8. Dividend

As disclosed in the section headed "Proposed declaration of Special Dividend on Disposal and Cash Dividend on Property Disposal" of this interim report, the Board has proposed the declaration of the Special Dividend on Disposal and the Cash Dividend on Property Disposal, each subject to the fulfillment of the applicable conditions.

Save as otherwise disclosed, no dividends in respect of the Period were paid, declared or proposed.

The 2025 final dividend of HK$46,517,000, being HK0.5 cent per share, was approved by the Company's shareholders at the annual general meeting on 28 May 2026.

9. Goodwill

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

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

The entire carrying amount of goodwill was related to the Germany CGU. The goodwill related to the USA CGU was fully impaired in prior years. As at 30 June 2026, the entire amount of goodwill was included in assets classified as held for sale.

10. Trade receivables

	30 June 2026 *HK$'000* **(Unaudited)**	31 December 2025 *HK$'000* (Audited)
Trade receivables	**–**	171,145
Impairment losses	**–**	(5,971)
Net carrying amount	**–**	165,174

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

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. As at 31 December 2025, the Group had certain concentrations of credit risk as 44% of the Group's trade receivables were due from one of the Group's key customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables (including those included in "asset classified as held for sale" as disclosed in note 13 below) as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2026 *HK$'000* **(Unaudited)**	31 December 2025 *HK$'000* (Audited)
Within 1 month	**112,195**	121,766
1 to 2 months	**61,895**	24,714
2 to 3 months	**13,132**	13,426
Over 3 months	**25,128**	5,268
	212,350	165,174

11. Amount due from a fellow subsidiary

An ageing analysis of the amount due from a fellow subsidiary for trade receivables balance (including those included in "asset classified as held for sale" as disclosed in note 13 below) as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	30 June 2026 *HK$'000* **(Unaudited)**	31 December 2025 *HK$'000* (Audited)
Within 1 month	**9,413**	11,505

12. Trade payables

An ageing analysis of the trade payables (including those included in "liabilities directly associated with asset classified as held for sale" as disclosed in note 13 below) as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2026 *HK$'000* **(Unaudited)**	31 December 2025 *HK$'000* (Audited)
Within 1 month	**109,239**	60,285
1 to 2 months	**38,460**	46,867
2 to 3 months	**852**	1,658
Over 3 months	**878**	233
	149,429	109,043

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

13. Assets classified as held for sale and liabilities directly associated with assets classified as held for sale

On 5 June 2026, the Company announced the decision of the Company's board of directors for a proposed very substantial disposal in relation to i) disposal of the entire issued share capital of Motto Investment Limited, a wholly-owned subsidiary of the Company, inclusive of the Shareholder and Intercompany Loans in consideration of the Disposal Consideration; and ii) entered into the Property Sale and Purchase Agreement for conditionally selling the property owned by the Company to the immediate holding company of the Company.

Motto Investment Limited and its subsidiaries mainly involved in the general aviation aircraft piston engine business. The revenue, cost of sales and almost all the operating income and expenses of the Group are generated/derived from Motto Investment Limited and its subsidiaries, the analysis of the disposal group's revenue, expenses, pre-tax loss and related income tax credit is not separately reproduced in this note.

As at 30 June 2026, (i) the related assets and liabilities directly associated within Motto Investment Limited and its subsidiaries, and (ii) the property of the Company were classified as assets and liabilities held for sale.

13. Assets classified as held for sale and liabilities directly associated with assets classified as held for sale *(cont'd)*

(i) The major classes of assets and liabilities of Motto Investment Limited and its subsidiaries classified as held for sale as at 30 June 2026 are as follows:

	30 June 2026 ***HK$'000*** **(Unaudited)**
Assets	
Property, plant and equipment	**505,964**
Right-of-use assets	**229,558**
Goodwill	**14,391**
Other intangible assets	**1,233,843**
Equity investments designated at fair value through other comprehensive income	**2,350**
Deferred tax assets	**2,396**
Defined benefit plan assets	**14,436**
Inventories	**808,412**
Trade receivables	**212,350**
Contract assets	**11,041**
Amount due from a fellow subsidiary	**9,413**
Prepayments, deposits and other receivables	**19,014**
Time deposits	**2,525**
Cash and short term deposits	**346,439**
Assets classified as held for sale	**3,412,132**

13. Assets classified as held for sale and liabilities directly associated with assets classified as held for sale *(cont'd)*

(i) The major classes of assets and liabilities of Motto Investment Limited and its subsidiaries classified as held for sale as at 30 June 2026 are as follows: *(cont'd)*

	30 June 2026 ***HK$'000*** **(Unaudited)**
Liabilities	
Trade payables	**149,429**
Lease liabilities	**282,427**
Other payables, accruals and provisions	**427,763**
Amount due to a fellow subsidiary	**200**
Defined benefit plan obligations	**1,141**
Contract liabilities	**162,082**
Tax payable	**3,137**
Pillar Two tax liabilities	**3,080**
Deferred tax liabilities	**85,181**
Liabilities directly associated with assets classified as held for sale	**1,114,440**
Net assets of the disposal group classified as held for sale	**2,297,692**

(ii) Property to be sold to the immediate holding company of the Company classified as part of the asset held for sale as of 30 June 2026 as follows:

	30 June 2026 ***(Unaudited)*** ***HK$'000***
Asset	
Property, plant and equipment	**68,023**

14. Capital commitments

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

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Contracted, but not provided for:		
Plant and machinery	**–**	15,639

15. Related party transactions

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

		Six months ended 30 June	
		2026	2025
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
Sales to a fellow subsidiary	*(i)*	**187,216**	176,786
Purchases from a fellow subsidiary	*(ii)*	**1,098**	1,590
Management fee income from the immediate holding company	*(iii)*	**710**	788

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

(a) *(cont'd)*

Notes:

(i) The sales to a fellow subsidiary are determined according to the terms agreed between the Group and the fellow subsidiary.

(ii) The purchases from a fellow subsidiary are determined according to terms agreed between the Group and the fellow subsidiary.

(iii) The management fee income from the immediate holding company is determined according to terms agreed between the Group and the immediate holding company.

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

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Short-term employee benefits	**610**	561
Post-employment benefits	**18**	18
Total compensation paid to key management personnel	**628**	579

16. Fair value and fair value hierarchy of financial instruments

The carrying amounts of the Group's financial instruments measured at fair values (including those which were included in "Assets classified as held for sale" as disclosed in note 13) are as follows:

	Carrying amounts	
	30 June 2026 HK$'000 (Unaudited)	31 December 2025 HK$'000 (Audited)
Equity investments designated at fair value through other comprehensive income	**2,350**	2,336

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

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

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

Financial instruments	Fair value as at		Fair value hierarchy	Valuation technique	Key unobservable inputs sensitivity analysis
	30 June 2026	31 December 2025			
Unlisted equity investments	**HK$2,350,000**	HK$2,336,000	Level 3	Market approach using issued prices of transactions	Recent transaction prices 1% (2025: 1%) increase/(decrease) in issued prices of transactions would result in increase/(decrease) in fair value by HK$24,000 (2025: HK$23,000)

During the Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (six months ended 30 June 2025: Nil).

The movements in fair value measurements within Level 3 during the Period (including those included in "Assets classified as held for sale") are as follows:

	30 June 2026 *HK$'000* **(Unaudited)**	31 December 2025 *HK$'000* (Audited)
Unlisted equity investments		
At beginning of period/year	**2,336**	2,331
Exchange realignment	**14**	5
At end of period/year	**2,350**	2,336

The Group did not have any financial liabilities measured at fair value as at 30 June 2026 and 31 December 2025.

17. Net cash flows from operating activities

		Six months ended 30 June	
		2026	2025
		HK$'000	*HK$'000*
	Notes	**(Unaudited)**	(Unaudited)
Profit/(loss) before tax		**(138,016)**	75,015
Adjustments for:			
Finance costs		**6,430**	6,553
Share of loss of an associate		**–**	2,008
Bank interest income		**(11,602)**	(9,282)
Write-down/(reversal of write-down) of inventories	*5*	**3,788**	(11,537)
Depreciation of property, plant and equipment	*5*	**23,724**	23,254
Depreciation of right-of-use assets	*5*	**7,603**	7,269
Amortisation of other intangible assets	*5*	**42,664**	42,814
Gain on disposal of property, plant and equipment		**–**	(3)
Written off of other intangible assets		**4,684**	–
Gain on deemed disposal of an associate	*5*	**–**	(94)
Reversal of impairment losses under expected credit loss model, net		**–**	(95)
Impairment loss on investment in an associate	*5*	**–**	13,805
Provision for estimated loss arising from remeasurement of assets held for sale	*5*	**37,236**	–

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

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Operating cash flows before movements in working capital	**(23,489)**	149,707
Increase in inventories	**(23,355)**	(26,274)
Increase in trade receivables	**(40,492)**	(51,100)
Decrease/(increase) in prepayments, deposits and other receivables	**13,398**	(5,273)
Movement in balances with fellow subsidiaries, net	**2,374**	(5,740)
Increase in contract assets	**(3,038)**	(4,363)
Increase in trade payables	**34,847**	4,912
Increase in other payables, accruals and provisions	**94,381**	2,478
Increase in contract liabilities	**12,365**	24,568
Movement in balances with defined benefit plans	**197**	196
Cash generated from operations	**67,188**	89,111
Interest paid	**(6,430)**	(6,553)
Overseas taxes paid	**(2,955)**	(4,041)
Net cash flows from operating activities	**57,803**	78,517

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

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TO THE BOARD OF DIRECTORS OF
CONTINENTAL AEROSPACE TECHNOLOGIES HOLDING LIMITED
(Incorporated in Bermuda with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 18 to 42, which comprises the condensed consolidated statement of financial position of Continental Aerospace Technologies Holding Limited (the "Company") and its subsidiaries (the "Group") as at 30 June 2026 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* ("HKAS 34") as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

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

Scope of review

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

Conclusion

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

Ernst & Young
Certified Public Accountants
Hong Kong
13 August 2026