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CHINA AEROSPACE INTERNATIONAL HOLDINGS LIMITED

中國航天國際控股有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 31)

ANNOUNCEMENT OF ANNUAL RESULTS 2025

The Board of Directors (the “Board”) of China Aerospace International Holdings Limited (the “Company”) is pleased to announce the audited results and financial statements of the Company and its subsidiaries (collectively the “Group”) for the financial year ended 31 December 2025.

SUMMARY OF RESULTS

The audited consolidated results of the Group for the year ended 31 December 2025 and the comparative figures of the same period in 2024 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>NOTES</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	3	4,031,329	3,841,472
Cost of sales		(3,348,156)	(3,033,618)
Gross profit		683,173	807,854
Other income	4	107,149	91,332
Other gains and losses	4	45,693	(17,609)
Reversal of impairment losses/ (impairment losses) on financial assets		20,536	(27,065)
Selling and distribution expenses		(60,634)	(85,631)
Administrative expenses		(421,938)	(401,471)
Research and development expenses		(188,682)	(189,661)
Fair value changes of investment properties		(590,882)	(299,754)
Finance costs		(48,409)	(53,409)
Share of results of associates		(46,880)	4,357
Share of results of joint ventures		12	134
Loss before taxation	5	(500,862)	(170,923)

	<i>NOTES</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Taxation	6	<u>218,158</u>	<u>87,070</u>
Loss for the year		<u>(282,704)</u>	<u>(83,853)</u>
Loss for the year attributable to:			
Owners of the Company		(165,529)	(53,307)
Non-controlling interests		<u>(117,175)</u>	<u>(30,546)</u>
		<u><u>(282,704)</u></u>	<u><u>(83,853)</u></u>
Loss per share			
Basic and diluted	7	<u><u>(HK5.37 cents)</u></u>	<u><u>(HK1.73 cents)</u></u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 DECEMBER 2025

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2025

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments, which are measured at fair values.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

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

3. SEGMENT INFORMATION

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

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

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

For the year ended 31 December 2025

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

For the year ended 31 December 2024

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

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

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

4. OTHER INCOME AND OTHER GAINS AND LOSSES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
The Group's other income mainly comprises:		
Interest income	26,160	30,445
Sales of scrap materials	61,629	31,029
Government subsidies	<u>2,030</u>	<u>15,147</u>

The Group's other gains and losses comprise:

Gain on partial disposal of interests in an associate	25,579	–
Gain (loss) on deregistration of a joint venture	21,587	(13,712)
Net exchange (loss) gain	(34,716)	11,226
Net gain (loss) from change in fair value of financial assets at FVTPL	22,645	(15,699)
Net (loss) gain on disposal/written off of property, plant and equipment	(32)	576
Reversal of provision for litigation (<i>Note</i>)	<u>10,630</u>	<u>–</u>

Note: During the year ended 31 December 2025, the legal disputes with a third party were settled and the provision made in prior years is reversed upon settlement (2024: Nil).

5. LOSS BEFORE TAXATION

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

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

6. TAXATION

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
The tax charge (credit) for the year comprises:		
Current tax:		
Hong Kong Profits Tax	5,453	1,779
Mainland China Enterprise Income Tax (“EIT”)	<u>11,113</u>	<u>21,269</u>
	<u>16,566</u>	<u>23,048</u>
Under (over)provision in prior years:		
Hong Kong Profits Tax	15	(143)
Mainland China EIT	<u>(1,719)</u>	<u>(55,972)</u>
	<u>(1,704)</u>	<u>(56,115)</u>
Deferred tax credit	<u>(233,020)</u>	<u>(54,003)</u>
	<u>(218,158)</u>	<u>(87,070)</u>

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

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

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

7. LOSS PER SHARE

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

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

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

8. DIVIDENDS

The board of the Company did not recommend payment of final dividend in respect of the years ended 31 December 2024 and 2025 (2024: 2023 final dividend of nil).

9. TRADE AND OTHER RECEIVABLES

As at 31 December 2025, the Group's total trade and other receivables comprised of trade receivables arising from contracts with customers of HK\$844,933,000, net of allowance for credit losses of HK\$71,546,000 (2024: HK\$1,021,154,000, net of allowance for credit losses of HK\$75,714,000), lease receivables of HK\$31,701,000, net of allowance for credit losses of HK\$51,884,000 (2024: HK\$30,249,000, net of allowance for credit losses of HK\$52,097,000) and other receivables, deposits and prepayments of HK\$369,769,000, net of allowance for credit losses of HK\$24,758,000 (2024: HK\$173,701,000, net of allowance for credit losses of HK\$46,803,000), respectively.

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

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 90 days	768,440	912,575
Between 91–180 days	60,579	90,035
Between 181–365 days	15,914	18,544
	<u>844,933</u>	<u>1,021,154</u>

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 90 days	<u>4,384</u>	<u>5,395</u>

10. TRADE AND OTHER PAYABLES

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 90 days	717,831	619,928
Between 91–180 days	7,673	18,942
	<u>725,504</u>	<u>638,870</u>

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS PERFORMANCE

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

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

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

DIVIDEND

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

MACRO OVERVIEW

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

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

BUSINESS REVIEW

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

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

Hi-tech Manufacturing

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

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

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

The printed circuit boards (PCB) business has deepened its market strategy of “stability, expansion and growth”, steadily increasing market share in optoelectronics, automotive, and industrial healthcare sectors. The flexible circuit boards and surface mount technology business continued to solidify their customer base. Nantong Hong Yuen Circuit Technology Co., Limited* (南通康源电路科技有限公司) (“Nantong Hong Yuen”) successfully completed the transition from project construction to operation, achieving breakthroughs in new areas such as LiDar (laser radar), power management integrated circuits and application processors etc. The liquid crystal display business overcame technical bottlenecks in mass production in its Vietnam production lines, with cooperation with core customers exceeding RMB100 million, and leveraged its advantages in outdoor high-reliability technology to entered the new energy supporting market of charging piles and battery cabinets. Related projects in the white goods sector also successfully commenced mass production. The plastic products business focused

on high-value clients whose strategic objectives are significantly aligned with ours, promoting a shift towards high-end technology fields such as new energy and low-altitude economy, and introduced more than ten new high-quality customers, with the capacity utilization rate at Chee Yuen Electronic Technology (Vietnam) Co., Ltd.* (志源電子科技(越南)有限公司) in Vietnam reaching full production. The intelligent chargers business coordinated domestic and international market layouts, achieving mass production in Vietnam and successfully expanding into the drone sector with high-power product mass production. It has also implemented a 50KW commercial energy storage project in Japan in the new energy storage field. The intelligent controller business has finalized several projects awaiting mass production. The intelligent power modules (IPM) business has helped core customers transition steadily from “sample development” to “mass production”, successfully supplying vehicle-mounted products to multiple mainstream automotive companies, with an annual product shipment volume reaching 9.8 million units. Meanwhile, through industry exhibitions and technical seminars and other diversified channels, it has diversified its design and original equipment manufacturer business and built a stable customer reserve pool. Each business segment has not only solidified its operational fundamentals but also optimized and upgraded customer structure and market layout, achieving simultaneous improvements in operational quality and market competitiveness.

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

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

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

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

Shenzhen Aerospace Science & Technology Plaza

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

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

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

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

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

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

Other Business

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

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

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

HUMAN RESOURCES AND REMUNERATION POLICIES

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

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

FINANCIAL REVIEW

OPERATING REVENUE

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

GROSS PROFIT AND GROSS PROFIT MARGIN

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

OTHER INCOME

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

SELLING AND DISTRIBUTION EXPENSES

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

RESEARCH AND DEVELOPMENT EXPENSES

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

CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

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

SHARE OF RESULTS OF JOINT VENTURES/ASSOCIATES

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

FINANCE COSTS

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

LOSS BEFORE TAX

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

INCOME TAX CREDIT

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

LOSS FOR THE YEAR

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

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY AND LOSS PER SHARE

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

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

ASSETS

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

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

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

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

LIQUIDITY

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

PLEDGE OF ASSETS

As at 31 December 2025, a cash deposit of HK\$36,918,000 and bills receivable of HK\$99,909,000 of the Company and the subsidiaries were pledged to banks to obtain credit facilities (31 December 2024: HK\$39,110,000 and HK\$82,489,000 respectively).

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 bank loan in the amount of RMB100,000,000.

Land use rights and buildings with carrying amount of approximately RMB400,013,000 were pledged by Nantong Hong Yuen to several banks to secure an 8-year term bank loan facility of RMB1,000,000,000. Further details are set out in the announcement of the Company dated 17 January 2025.

LIABILITIES

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

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

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

CONTINGENT LIABILITIES

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

FINANCIAL RATIOS

	2025	2024
Gross Profit Margin	16.95%	21.03%
Return on Net Assets	(3.07%)	(0.92%)
	31 December 2025	31 December 2024
Assets-Liabilities Ratio	36.71%	36.17%
Current Ratio	2.10	2.02
Quick Ratio	1.68	1.66

CAPITAL COMMITMENTS

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

FINANCIAL RISKS

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

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2025, there had been no purchase, sale or redemption of the Company's listed securities by the Company and the subsidiaries.

CORPORATE GOVERNANCE

During the year ended 31 December 2025, the Company has complied with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules.

DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted the *Model Code for Securities Transactions by Directors of Listed Issuers* as set out in Appendix C3 to the Listing Rules and *The Code and Enforcement Details for Securities Transactions by Directors* of the Company as the required standard for the Directors of the Company to trade the securities of the Company. Having made specific enquiry to all the Directors of the Company and in accordance with information provided, all the Directors have complied with the required standard during the year ended 31 December 2025.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company comprises two Independent Non-Executive Directors, namely Mr Luo Zhenbang (Chairman) and Ms Chen Jingru, and a Non-Executive Director, Mr Peng Jianguo. The major functions of the Audit Committee include serving as a focal point for communication between the Directors and external auditors, 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 audited results and financial statements of the Company for the year ended 31 December 2025.

DIVIDEND

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

STATEMENT OF COMPLIANCE

The financial information relating to the years ended 31 December 2024 and 2025 included in the Announcement does not constitute the Company's statutory annual consolidated financial statements for those years 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 Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2024 to the Hong Kong Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 December 2025 to the Hong Kong Registrar of Companies in due course. The Company's auditor has reported on the financial statements of the Company and the subsidiaries for both years ended 31 December 2024 and 2025. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Thursday, 18 June 2026.

CLOSURE OF REGISTER OF MEMBERS

To ensure shareholders the right to attend and vote at the Annual General Meeting, the register of members of the Company will be closed and details of which are as follows:

Latest time for lodging transfers
of shares and related documents
for registration : 4:30 p.m. on Friday, 12 June 2026

Closure of register of members : from Monday, 15 June 2026 to Thursday,
18 June 2026 (both days inclusive)

Record date : Thursday, 18 June 2026

The register of members of the Company will be closed at the abovementioned period. To ensure Shareholders the right to attend and vote at the Annual General Meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration on or before 4:30 p.m. on Tuesday, 16 June 2026.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company will be published on the website of the Company (www.casil-group.com) and the HKExnews website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and dispatched to the shareholders of the Company who requested printed copies in due course.

By order of the Board
Wang Hui
Chairman & Executive Director

Hong Kong, 26 March 2026

As at the date of this announcement, the Board of the Company comprises:

<i>Executive Directors</i>	<i>Non-Executive Directors</i>	<i>Independent Non-Executive Directors</i>
Mr Wang Hui (<i>Chairman</i>)	Mr Teng Fangqian	Mr Luo Zhenbang
Mr Song Shuqing (<i>President</i>)	Mr Peng Jianguo	Ms Chen Jingru
	Mr Liu Yong	Ms Xue Lan

* *These PRC entities do not have English names, the English names set out herein are for identification purpose only.*