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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 INTERIM RESULTS 2026

The Board of Directors (the "Board") of China Aerospace International Holdings Limited (the "Company") announces the unaudited interim financial information of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2026 together with the comparative figures of the same period in 2025 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Six months ended	
		30 June	30 June
		2026	2025
		(Unaudited)	(Unaudited)
	NOTES	***HK$'000***	*HK$'000*
Revenue	*3*	**2,101,398**	2,023,441
Cost of sales		**(1,822,096)**	(1,622,447)
Gross profit		**279,302**	400,994
Other income	*4*	**73,132**	41,676
Other gains and losses, net	*4*	**182,349**	(1,977)
Selling and distribution expenses		**(30,194)**	(31,570)
Administrative expenses		**(235,926)**	(216,377)
Research and development expenses		**(97,596)**	(75,156)
Fair value changes of investment properties		**(353,186)**	(255,524)
Impairment losses under expected credit loss model, net of reversal		**510**	1,221
Finance costs		**(27,778)**	(21,972)
Share of results of associates		**(91,042)**	(17,172)
Share of results of joint ventures		**–**	12
Loss before taxation	*5*	**(300,429)**	(175,845)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Six months ended	
		30 June	30 June
		2026	2025
		(Unaudited)	(Unaudited)
	NOTES	***HK$'000***	*HK$'000*
Taxation	*6*	**135,034**	90,069
Loss for the period		**(165,395)**	(85,776)
Loss for the period attributable to:			
Owners of the Company		**(96,249)**	(42,337)
Non-controlling interests		**(69,146)**	(43,439)
		(165,395)	(85,776)
Loss per share	*7*		
Basic and diluted		**(HK3.12 cents)**	(HK1.37 cents)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2026

	NOTES	**30 June 2026 (Unaudited) *HK$'000***	31 December 2025 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**2,904,707**	2,833,329
Right-of-use assets		**164,085**	162,322
Investment properties		**7,670,375**	7,750,935
Interests in associates		**302,254**	194,238
Financial assets at fair value through profit or loss		**–**	84,523
Deposits paid for property, plant and equipment		**61,329**	39,255
Long-term assets		**49,546**	31,176
		11,152,296	11,095,778
Current assets			
Inventories		**797,861**	686,379
Trade and other receivables	*9*	**1,530,076**	1,215,227
Amount due from a related party		**1,033**	644
Financial assets at fair value through profit or loss		**1,474**	2,031
Pledged bank deposits		**28,897**	36,918
Restricted bank deposits		**4,074**	3,929
Short-term bank deposits		**494,077**	433,411
Cash and cash equivalents		**867,537**	1,068,876
		3,725,029	3,447,415
Current liabilities			
Trade and other payables	*10*	**1,490,988**	1,367,663
Contract liabilities		**36,272**	49,358
Lease liabilities		**26,369**	25,736
Bank borrowings		**75,257**	20,557
Loan from a major shareholder		**–**	111,235
Taxation payable		**56,643**	64,513
		1,685,529	1,639,062
Net current assets		**2,039,500**	1,808,353
Total assets less current liabilities		**13,191,796**	12,904,131

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AT 30 JUNE 2026

	30 June 2026 (Unaudited) *HK$'000*	31 December 2025 (Audited) *HK$'000*
Non-current liabilities		
Lease liabilities	**36,203**	42,230
Bank borrowings	**1,252,714**	1,144,920
Loan from a major shareholder	**115,340**	–
Loan from a related party	**570,934**	573,970
Deferred taxation	**1,869,530**	1,938,507
	3,844,721	3,699,627
	9,347,075	9,204,504
Capital and reserves		
Share capital	**1,154,511**	1,154,511
Reserves	**6,259,350**	6,117,177
Equity attributable to owners of the Company	**7,413,861**	7,271,688
Non-controlling interests	**1,933,214**	1,932,816
	9,347,075	9,204,504

NOTES TO THE INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS ENDED 30 JUNE 2026

1. BASIS OF PREPARATION

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

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

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

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

2. PRINCIPAL ACCOUNTING POLICIES

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

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

Application of new amendments to HKFRS Accounting Standards

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

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

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

3. REVENUE AND SEGMENT INFORMATION

The Group determines its operating and reportable segments based on the internal reports reviewed by the President, the chief operating decision maker ("CODM") of the Group, that are used to make strategic decisions.

Specifically, there are 7 reportable segments in 2026, namely Hi-Tech Manufacturing Business (including plastic products, liquid crystal display, printed circuit boards, intelligent chargers, intelligent power modules and industrial property investment) and Aerospace Service (including property investment in Shenzhen Aerospace Science & Technology Plaza) which represent the major industries in which the Group is engaged.

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

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

For the six months ended 30 June 2026

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

For the six months ended 30 June 2025

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

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

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

4. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

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

5. LOSS BEFORE TAXATION

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

6. TAXATION

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

Notes:

(i) HONG KONG PROFITS TAX

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

(ii) PRC ENTERPRISE INCOME TAX

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

All gains arising from the sale or transfer of real estate in the PRC with effect from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including payments made for acquisition of land use rights, costs and expenses for the development of the land or for construction of new buildings and supporting facilities, or the assessed value for old buildings and structures, tax payable relating to transfer of the real estate and other deductible items prescribed by the Ministry of Finance.

According to relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2008 onwards, enterprise engaging in research and development activities are entitled to claim 200% (2025: 200%) of their research and development expenses so incurred as tax deductible expenses when determining their assessable profits for that year.

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:

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

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

The computation of diluted loss per share did not assume the conversion of the outstanding convertible loan notes issued by an associate since their exercise would result in decrease in loss per share for the six months ended 30 June 2026 and 30 June 2025.

8. DIVIDEND

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

9. TRADE AND OTHER RECEIVABLES

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

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

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

As at 30 June 2026, included in the Group's trade receivables is bills received amounting to HK$158,089,000 (31 December 2025: HK$120,770,000) which are held by the Group for future settlement of trade receivables. All bills received by the Group are with a maturity period of less than one year.

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

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

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

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:

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

MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS PERFORMANCE

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

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

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

DIVIDEND

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

BUSINESS REVIEW

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

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

Hi-tech manufacturing

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

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

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

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

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

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

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

The intelligent power modules (IPM) business recorded revenue of HK$57,539,000, representing an increase of 84.38% compared with the same period in 2025. Benefiting from sustained order growth from core automotive electronics clients, the capacity utilization rate of core production lines rose to 111%. Full-capacity production effectively diluted fixed costs, enabling the business to achieve monthly profitability starting from the second quarter and a further narrowing of the operating loss for the period compared with the same period in 2025. The Company has strategically established its R&D layout centering on third-generation semiconductor materials. Currently, it possesses SiC (silicon carbide) power module products, has mastered the relevant packaging design and process technologies, and has achieved small-batch shipments. To meet growing order demand, the Company has initiated the Phase II construction of the IPM project, with plans to build 6 new automated IPM power production lines within two years. Upon commencement of production, the capacity will expand significantly, supporting the Company's advancement into the leading tier of the domestic IPM power packaging industry.

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

Shenzhen Aerospace Science & Technology Plaza

During the period, Shenzhen Aerospace Technology Investment 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, together recorded revenue of HK$94,772,000 (same period in 2025: HK$94,129,000) and a segment loss of HK$293,911,000 (same period in 2025: segment loss of HK$187,972,000). The segment loss was primarily attributable to the loss arising from decrease in the fair value of investment properties.

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

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

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

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

Other Business

RAYITEK Hi-Tech Film Company Ltd., Shenzhen (深圳瑞華泰薄膜科技股份有限公司) ("Rayitek"), an associate in which the Company holds a 20.29% equity interest through its direct wholly-owned subsidiary, CASIL New Century Technology Development (Shenzhen) Company Limited* (航科新世紀科技發展(深圳)有限公司) ("CASIL New Century"), did not declare dividend during the period (2025: nil).

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

HUMAN RESOURCES AND REMUNERATION POLICIES

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

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

FINANCIAL REVIEW

REVENUE

During the period, the revenue of the Company and the subsidiaries amounted to HK$2,101,398,000, representing an increase of 3.85% compared with the revenue of HK$2,023,441,000 for the same period in 2025. The revenue of the Company and the subsidiaries comprised (i) sales of hi-tech manufacturing products; and (ii) rental and service income from investment properties. Among these, sales of hi-tech manufacturing products amounted to HK$1,997,474,000, accounting for approximately 95.05% of total revenue.

GROSS PROFIT AND GROSS PROFIT MARGIN

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

OTHER INCOME

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

SELLING AND DISTRIBUTION EXPENSES

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

RESEARCH AND DEVELOPMENT EXPENSES

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

CHANGES IN FAIR VALUE OF INVESTMENT PROPERTIES

The Company and the subsidiaries recorded a fair value loss on investment properties of HK$353,186,000 during the period, representing an increase of 38.22% compared with the loss of HK$255,524,000 for the same period in 2025, primarily due to the continued downturn in the Shenzhen property market. The fair value change of Shenzhen Aerospace Science & Technology Plaza recorded a loss of HK$348,460,000, representing an increase of 41.45% compared with the loss of HK$246,353,000 for the same period in 2025.

SHARE OF RESULTS OF ASSOCIATES

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

FINANCE COSTS

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

LOSS BEFORE TAX

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

INCOME TAX CREDIT

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

LOSS FOR THE PERIOD

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

LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY AND LOSS PER SHARE

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

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

ASSETS

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

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

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

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

LIQUIDITY

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

PLEDGE OF ASSETS

As at 30 June 2026, cash deposit of HK$28,897,000 and bills receivable of HK$128,086,000 of the Company and the subsidiaries were pledged to banks to secure credit facilities (31 December 2025: HK$36,918,000 and HK$99,909,000 respectively). In addition, investment properties of approximately HK$3,338,730,000 (31 December 2025: HK$3,521,975,000) were pledged to banks and Aerospace Science & Technology Finance Company Limited* (航天科技財務有限責任公司) to secure general banking facilities.

As at 30 June 2026, land use rights and buildings with carrying amount of approximately RMB480,633,000 (equivalent to approximately HK$554,363,000) were pledged by Nantong Hong Yuen (31 December 2025: RMB486,026,000 (equivalent to approximately HK$540,630,000)) to several banks to secure an 8-year term bank loan facility of RMB1,000,000,000. Further details are set out in the announcement of the Company dated 17 January 2025.

LIABILITIES

(HK$'000)	**30 June 2026**	31 December 2025	Changes (%)
Non-Current Liabilities	**3,844,721**	3,699,627	3.92
Current Liabilities	**1,685,529**	1,639,062	2.83
Total Liabilities	**5,530,250**	5,338,689	3.59

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

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

CONTINGENT LIABILITIES

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

FINANCIAL RATIOS

	First half of 2026	First half of 2025
Gross Profit Margin	**13.29%**	19.82%
Return on Net Assets	**(1.77%)**	(0.92%)
	30 June 2026	31 December 2025
Assets-Liabilities Ratio	**37.17%**	36.71%
Current Ratio	**2.21**	2.10
Quick Ratio	**1.73**	1.68

CAPITAL COMMITMENTS

As at 30 June 2026, the Company and the subsidiaries had contracted capital commitments of approximately HK$312,069,000 which had not been provided in the consolidated financial statements (31 December 2025: HK$298,260,000), mainly the capital expenditure for acquisition of fixed assets.

FINANCIAL RISKS

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

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

INTERIM DIVIDEND

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

CORPORATE GOVERNANCE

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules and its own "Code and Enforcement Details for Securities Transactions by Directors", as the standards of dealings for securities transactions by the Directors and relevant employees of the Company. Having made specific enquiry to all Directors and in accordance with information provided, all Directors have complied with the required standards as set out in the Appendix C3 to the Listing Rules during the six months ended 30 June 2026.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company comprises two Independent Non-Executive Directors, namely Mr Luo Zhenbang (Chairman), Ms Chen Jingru and a Non-Executive Director, Mr Peng Jianguo. The major responsibilities of the Audit Committee include serving as a focal point for communication between the Directors and external auditors in reviewing the Company's financial information as well as overseeing the Company's financial reporting system, risk management and internal control procedures.

The Audit Committee has reviewed, discussed and approved the unaudited interim financial information for the six months ended 30 June 2026 that have been reviewed by the auditor, PKF Hong Kong Limited.

STATEMENT OF COMPLIANCE

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

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

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

PUBLICATION OF 2026 INTERIM RESULTS AND INTERIM REPORT

This announcement is 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). The 2026 Interim Report will be available on the websites of the Company and HKExnews and dispatched to the shareholders of the Company who requested printed copies by the end of September 2026.

By order of the Board
Wang Hui
Chairman and Executive Director

Hong Kong, 27 August 2026

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

Executive Directors	***Non-Executive Directors***	***Independent Non-Executive Directors***
Mr Wang Hui *(Chairman)*	Mr Teng Fangqian	Mr Luo Zhenbang
Mr Song Shuqing *(President)*	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.*