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China Strategic Technology Group Limited

中國技術集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1725)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the “**Board**”) of directors (the “**Director(s)**”) of China Strategic Technology Group Limited (the “**Company**”) announces the unaudited condensed consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2026 (the “**Review Period**”), together with the comparative figures for the six months ended 30 June 2025 as follows.

FINANCIAL HIGHLIGHTS

- Revenue of the Group for the Review Period was approximately RMB243.8 million, representing an increase of approximately 41.3% as compared with approximately RMB172.5 million for the corresponding period in 2025.
- Gross profit of the Group for the Review Period was approximately RMB17.1 million, representing a decrease of approximately 52.8% as compared with approximately RMB36.2 million for the corresponding period in 2025.
- Profit attributable to equity holders of the Company for the Review Period was approximately RMB141.6 million and loss attributable to equity holders of the Company was approximately RMB32.4 million for the corresponding period in 2025.
- Profit of the Group for the Review Period was approximately RMB140.4 million and the loss for the corresponding period in 2025 was approximately RMB48.6 million.
- Basic and diluted earnings per share attributable to equity holders of the Company was RMB19.82 cents for the Review Period and basic and diluted loss per share attributable to equity holders of the Company was approximately RMB6.43 cents for the corresponding period in 2025.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	Notes	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Continuing operations			
Revenue	5	243,758	172,499
Cost of sales	6	(226,645)	(136,305)
Gross profit		17,113	36,194
Other income	7	3,045	3,669
Other gains, net	8	188,992	4,244
Selling and distribution expenses		(6,935)	(6,091)
General and administrative expenses		(56,498)	(80,670)
Provision for impairment on financial assets	6	(846)	(315)
Operating profit/(loss)		144,871	(42,969)
Finance income		32	270
Finance costs		(3,635)	(5,829)
Finance costs, net		(3,603)	(5,559)
Profit/(loss) before income tax		141,268	(48,528)
Income tax expense	9	(819)	(25)
Profit/(loss) for the period		140,449	(48,553)
Profit/(loss) for the period attributable to:			
Equity holders of the Company		141,564	(32,421)
Non-controlling interest		(1,115)	(16,132)
		140,449	(48,553)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
	Note	RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Profit/(loss) for the period		140,449	(48,553)
Other comprehensive income/(loss):			
<i>Item that will not be reclassified to profit or loss</i>			
Currency translation differences		(3,112)	(6,897)
<i>Item that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations		20,760	5,064
Total comprehensive income/(loss) for the period		158,097	(50,386)
Total comprehensive income/(loss) for the period attributable to:			
Equity holders of the Company		151,336	(35,535)
Non-controlling interest		6,761	(14,851)
		158,097	(50,386)
Earnings/(loss) per share attributable to equity holders of the Company			
Basic and diluted	10	RMB19.82 cents	RMB(6.43) cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2026

		30 June 2026	31 December 2025
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
Assets			
Non-current assets			
Properties, plant and equipment	12	21,108	48,131
Right-of-use assets	12	24,317	2,059
Intangible assets		1,835	2,443
Prepayments and deposits	14	238	1,090
Deferred tax assets		1,238	1,238
		<u>48,736</u>	<u>54,961</u>
Current assets			
Inventories		11,762	18,903
Trade and bills receivables	13	196,129	170,692
Financial asset at fair value through profit or loss		–	2,171
Prepayments, deposits and other receivables	14	273,127	69,304
Cash and cash equivalents		30,198	33,688
		<u>511,216</u>	<u>294,758</u>
Total assets		<u>559,952</u>	<u>349,719</u>
Equity			
Equity attributable to equity holders of the Company			
Share capital		7,288	5,405
Share premium		695,609	592,136
Accumulated losses		(685,010)	(826,574)
Reserves		10,724	138,723
		<u>28,611</u>	<u>(90,310)</u>
Non-controlling interest		21,365	(172,944)
Total equity		<u>49,976</u>	<u>(263,254)</u>

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

As at 30 June 2026

		30 June 2026	31 December 2025
	<i>Notes</i>	RMB'000	RMB'000
		(Unaudited)	(Audited)
Liabilities			
Non-current liabilities			
Deferred government grants		2,750	3,346
Lease liabilities		4,393	55,962
Provision for reinstatement cost	16	–	22,189
Bank and other borrowings		–	42,747
Deferred tax liabilities		817	817
		7,960	125,061
Current liabilities			
Trade and bills payables	15	125,752	84,541
Other payables and accruals	16	89,641	108,946
Contract liabilities	16	11,330	22,941
Lease liabilities		4,451	109,121
Bank and other borrowings		234,200	45,277
Bonds payable		15,562	17,208
Loan from related companies		14,577	93,854
Current income tax liabilities		6,503	6,024
		502,016	487,912
Total liabilities		509,976	612,973
Total equity and liabilities		559,952	349,719

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 15 March 2017 as an exempted company with limited liability under the Companies Act (Cap. 22, Act 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and the Group is principally engaged in (A) aerospace business (the “**Aerospace Business**”), comprising (1) satellite manufacturing, (2) satellite component manufacturing, (3) precision electronics manufacturing, (4) satellite data applications, (5) satellite telemetry, tracking, and controlling (TT&C), and (6) satellite launch; and (B) electronics manufacturing services business (the “**EMS Business**”), including assembling and production of printed circuit boards assemblies (the “**PCBAs**”) and fully-assembled electronic products; and (C) the Trading Business.

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 16 August 2018.

This condensed consolidated interim financial information is presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (“**RMB’000**”), unless otherwise stated. This interim financial information was approved for issue on 27 August 2026.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2026 has been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The interim financial information does not include all the notes of the type normally included in an annual report. Accordingly, this interim financial information is to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2025, which have been prepared in accordance with Hong Kong Financial Reporting Standards.

Basis of preparation — use of going concern basis

The Directors have given careful consideration of the future liquidity and cash flows of the Group in assessing whether the Group will have sufficient resources to continue as a going concern.

For this purpose, the management had prepared a forecast covering a period of not less than twelve months from 30 June 2026 taking into account of the followings:

- (i) The Group entered into legally binding agreements with an independent third-party lender (the “**Lender**”) for loans in the aggregate sum of approximately HK\$108,000,000 (equivalent to RMB98,200,000) (the “**Loans**”) in July and October 2021. The Group had entered into supplemental

agreements dated 8 March 2026 with the Lender to extend the repayment date of the Loans to 7 April 2027. As at 30 June 2026, the Loans amounted to approximately HK\$47,200,000 (equivalent to RMB40,806,000). The management will discuss with the Lender and expects the repayment date can be extended;

- (ii) On 5 December 2025, the Company entered into subscription agreements (the “**Subscription Agreements**”) with 2 subscribers, both are independent third-parties (the “**Subscribers**”) pursuant to which the Company has conditionally agreed to allot and issue, and the Subscribers have conditionally agreed to subscribe for, an aggregate of 160,926,000 subscription shares at the subscription price of HK\$0.560 per subscription share (the “**Subscription Shares**”). The completion of the subscription took place on 23 March 2026. Upon the completion of the issuance of the Subscription Shares, approximately HK\$90,119,000 (equivalent to RMB79,715,000), net of all transaction fees has been raised to support the Group in meeting its financial obligations and daily operations;
- (iii) On 5 December 2025, the Company entered into a placing agreement (the “**Placing Agreement I**”) pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 90,000,000 placing shares at the placing price of HK\$0.560 per placing share (the “**Placing Shares I**”) to not less than six placees who and whose ultimate beneficial owners (if applicable) are independent third parties. The completion of the placing took place on 9 April 2026. Upon the completion of the issuance of the Placing Shares I, approximately HK\$29,910,000 (equivalent to RMB26,118,000), net of all transaction fees has been raised to support the Group in meeting its financial obligations and daily operations;
- (iv) On 18 August 2026, the Company entered into a placing agreement (the “**Placing Agreement II**”) pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 163,682,000 placing shares at the placing price of HK\$0.300 per placing share (the “**Placing Shares II**”) to not less than six placees who and whose ultimate beneficial owners (if applicable) are independent third parties. As at the date of this announcement (i.e. 27 August 2026), the placing is still in progress. The management expects upon the completion of the issuance of the Placing Shares II, approximately HK\$48,580,000 (equivalent to RMB41,999,000), net of all transaction fees will be raised to support the Group in meeting its financial obligations and daily operations;
- (v) On 9 March 2026, the Company and an independent third-party (the “**Purchaser**”) entered into a share purchase agreement (“**Disposal**”), pursuant to which the Company has agreed to sell, and the Purchaser has agreed to purchase the paid-up capital of the 2 wholly owned subsidiaries of the Company and a non wholly-owned subsidiary of the Company (collectively, the “**Disposal Companies**”) including its respective subsidiaries, referred as the “**Disposal Group**”, at a consideration of USD2,000,000 (approximately RMB13,487,000). The transaction completed on 9 March 2026. Pursuant to the share purchase agreement, all outstanding amounts are contractually required to be settled within six calendar months from the date of the agreement. Management expects that the remaining proceeds of USD1,800,000 (approximately RMB12,138,000) will be received in September 2026. After the Disposal, each member of the Disposal Group ceased to be a subsidiary of the Company. The Company has obtained legal opinion that the obligation to pay the liabilities arising from the dispute over tenancy agreements for premises in Hong Kong will not attach to the Group thereafter;

- (vi) On 16 March 2026, the Company entered into a facility letter with an independent third-party (the “**Revolving Loan Lender**”) pursuant to which the Revolving Loan Lender has irrevocably undertaken to provide the Company with an interest-bearing revolving loan facility in the aggregate sum of approximately HK\$30,000,000 (equivalent to RMB25,936,000) (the “**Revolving Loan Facility**”);
- (vii) On 20 August 2026, the Group obtained a letter of undertaking (the “**Undertaking Letter**”) from Mr. Sun Fengquan (“**Mr. Sun**”, a substantial shareholder of the Company), pursuant to which Mr. Sun has irrevocably undertaken to provide the Group with an unsecured and interest-free revolving loan when necessary to meet the Group’s future financial obligation. The Undertaking Letter is valid and subsisting up to 30 September 2027 and any loan drawn thereunder shall be repayable on 30 September 2027;
- (viii) In March, June, July, September and October 2025, the Group obtained banking facilities totaling RMB84,000,000 from three banks in Mainland China to support the general working capital of the EMS Business. As at 30 June 2026, the amount undrawn under these facilities totalled approximately RMB20,000,000;
- (ix) The Group is in negotiation with existing lenders in respect of renewal of existing borrowings as well as certain potential lenders in respect of new borrowings; and
- (x) The Group is in negotiation with certain potential investors for raising new capital by the way of issuing new equity and/or debt securities.

The directors of the Company reviewed the Group’s cash flow projections, which cover a period of not less than twelve months from 30 June 2026. In the opinion of the directors, assuming the successful and timely implementation of the above plans and measures, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 30 June 2026. Accordingly, the directors consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2025, as described in those annual consolidated financial statements, except for the estimation of income tax and the adoption of amended standards as set out below. Taxes on income in the Review Period are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) Amended accounting standards and guidelines adopted by the Group

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatory 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 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
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11

The Group expected that the adoption of the above HKFRS Accounting Standard in the current interim period did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

(b) Impact of standards issued but not yet applied by the Group

Certain amended accounting standards and interpretations have been published that are not mandatory for this reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

4 ESTIMATES

The preparation of this interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements in the annual report for the year ended 31 December 2025.

5 REVENUE AND SEGMENT INFORMATION

The Company is an investment holding company and the Group is principally engaged in (A) the Aerospace Business, comprising (1) satellite manufacturing, (2) satellite component manufacturing, (3) precision electronics manufacturing, (4) satellite data applications, (5) satellite telemetry, tracking, and controlling (TT&C), and (6) satellite launch; (B) the EMS Business, including assembling and production of PCBAs and fully-assembled electronic products; (C) the Trading Business; and (D) Others, comprising office expenses and other operating expenses that are not directly attributable to individual reportable segments.

The chief operating decision-maker has been identified as the Directors. The Directors review the Group's internal reporting in order to assess performance and allocate resources. The Directors have determined the operating segments based on these reports.

During the six months ended 30 June 2026, the Group had four reportable segments being:

- (i) EMS Business — Banking and finance and other devices;
- (ii) Aerospace Business;
- (iii) Trading Business; and
- (iv) Others.

(a) Segment revenue, gross profit and other segment information

The Directors assess the performance of the segments based on a measure of revenue and gross profit.

	EMS Business <i>RMB'000</i>	Aerospace Business <i>RMB'000</i>	Trading Business <i>RMB'000</i>	Others <i>RMB'000</i>	Total <i>RMB'000</i>
For the six months ended					
30 June 2026 (unaudited)					
Segment revenue	196,692	–	47,066	–	243,758
Segment cost of sales	(179,965)	–	(46,680)	–	(226,645)
Segment gross profit	16,727	–	386	–	17,113
Other segment information:					
Depreciation of properties, plant and equipment	2,811	1	267	42	3,121
Depreciation of right-of-use assets	395	1,061	204	507	2,167
Amortisation of intangible assets	68	474	–	–	542
Additions to non-current segment assets*	5,423	26,153	1,841	–	33,417
For the six months ended					
30 June 2025 (unaudited)					
Segment revenue	172,499	–	–	–	172,499
Segment cost of sales	(136,305)	–	–	–	(136,305)
Segment gross profit	36,194	–	–	–	36,194
Other segment information:					
Depreciation of properties, plant and equipment	2,318	12,874	–	42	15,234
Depreciation of right-of-use assets	392	16,251	–	–	16,643
Amortisation of intangible assets	448	–	–	–	448

* The additions to non-current segment assets include (i) additions to properties, plant and equipment, right-of-use assets and intangible assets and (ii) prepayments for the acquisitions of properties, plant and equipment.

(b) Segment assets and liabilities

	EMS Business	Aerospace Business	Trading Business	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 30 June 2026 (unaudited)					
Segment assets	315,127	201,185	24,104	18,298	558,714
Segment liabilities	254,493	185,972	21,631	40,560	502,656
As at 31 December 2025 (audited)					
Segment assets	300,357	28,286	–	19,838	348,481
Segment liabilities	222,616	278,045	–	105,471	606,132

Reportable segment assets are reconciled to total assets as follows:

	30 June 2026	31 December 2025
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Segment assets	558,714	348,481
Deferred tax assets	1,238	1,238
Total assets	559,952	349,719

Reportable segment liabilities are reconciled to total liabilities as follows:

	30 June 2026	31 December 2025
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Segment liabilities	502,656	606,132
Current income tax liabilities	6,503	6,024
Deferred tax liabilities	817	817
Total liabilities	509,976	612,973

(c) **Disaggregation of revenue from contracts with customers**

	Six months ended 30 June	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Timing of revenue recognition:		
At a point in time — sales of goods	243,758	172,499

(d) **Revenue by customers' geographical location**

The Group's revenue by geographical location, which is determined by the location of customers, is as follows:

	Six months ended 30 June	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
The People's Republic of China (the "PRC" or "China")	165,996	58,762
Vietnam	29,756	33,711
Hong Kong	17,955	26,653
Germany	15,343	149
South Korea	4,874	3,104
India	3,865	23,309
Australia	1,716	10,454
The United States of America (the "USA")	509	7,351
Others	3,744	9,006
	243,758	172,499

(e) Non-current assets by geographical location

The total amounts of non-current assets, other than financial instruments and deferred tax assets of the Group as at 30 June 2026 and 31 December 2025 are located in the following regions:

	30 June 2026 RMB'000	31 December 2025 RMB'000
The PRC	42,631	26,462
Hong Kong	4,865	27,257
Germany	2	4
	<u>47,498</u>	<u>53,723</u>

(f) Major customers

Revenue from customers from continuing operations individually contributing over 10% of the total revenue of the Group is as follows:

	Six months ended 30 June 2026 RMB'000 (Unaudited)	2025 RMB'000 (Unaudited)
Customer A	64,206	26,273
Customer B	25,399	23,309
Customer C	17,328	22,867

The five largest customers accounted for approximately 53.6% (six months ended 30 June 2025: 52.3%) of revenue for the Review Period.

6 EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution expenses, general and administrative expenses and provision for impairment on financial assets are analysed as follows:

	Six months ended 30 June	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Cost of inventories recognised as expenses	226,645	136,305
Employee benefit expenses and manpower service expenses, including Directors' emoluments	19,128	34,922
Rental expenses of short-term leases in respect of machinery and properties	2,726	5,247
Amortisation on intangible assets	542	448
Depreciation of properties, plant and equipment	3,121	15,234
Depreciation of right-of-use assets	2,167	16,643
Provision for inventories	4,204	—
Auditor's remuneration		
— Audit services	878	930
— Non-audit services	177	110
Provision for impairment on financial assets (<i>Note 13</i>)	846	315

7 OTHER INCOME

	Six months ended 30 June	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Government grants	704	1,600
Service income	2,218	776
Sundry income	123	1,293
	3,045	3,669

8 OTHER GAINS, NET

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Compensation to a customer	(14,889)	–
Exchange differences	6,341	4,459
Gain/(loss) on disposal of properties, plant and equipment	6,276	(183)
Gain on disposal of subsidiaries	197,794	–
Others	(6,530)	(32)
	<u>188,992</u>	<u>4,244</u>

9 INCOME TAX EXPENSE

Pursuant to the enactment of two-tiered profit tax rates by the Inland Revenue Department of Hong Kong from the year of assessment 2019/20 onwards, the Group's first HK\$2 million of assessable profits under Hong Kong profits tax is subject to a tax rate of 8.25%. The Group's remaining assessable profits above HK\$2 million will continue to be subject to a tax rate of 16.5%.

During the six months ended 30 June 2026 and 2025, no provision for Hong Kong profits tax has been made in the interim financial information as the Group had no assessable profit in Hong Kong.

During the six months ended 30 June 2026 and 2025, Shenzhen Hengchang Sheng Technology Company Limited*, the Group's major operating subsidiary for the EMS Business in the PRC, has qualified for high and new technology enterprises status and is therefore subject to a preferential income tax rate of 15%.

During the six months ended 30 June 2026 and 2025, other Group's entities in the PRC were subject to the PRC corporate income tax ("CIT") at the tax rate of 25%.

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax		
— The PRC CIT	24	25
— German Enterprise Income Tax	795	–
	<u>819</u>	<u>25</u>
Total current income tax	<u>819</u>	<u>25</u>
Income tax expense	<u>819</u>	<u>25</u>

* For identification purpose only

10 EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2026 and 2025.

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
Profit/(loss) attributable to equity holders of the Company (<i>RMB'000</i>)	141,564	(32,421)
Weighted average number of ordinary shares in issue (<i>thousands of shares</i>)	714,138	504,074
Basic and diluted earnings/(loss) per share (<i>RMB cents</i>)	19.82	(6.43)

There were no differences between the basic and diluted earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding during the six months ended 30 June 2026 and 2025.

11 DIVIDEND

No dividend has been paid or declared by the Company during the six months ended 30 June 2026 and 2025.

12 PROPERTIES, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

As at 30 June 2026 and 31 December 2025, properties, plant and equipment included buildings, furniture and fixtures, office equipment, plant and machinery, motor vehicles, satellites, leasehold improvements and construction in progress; whereas right-of-use assets included land-use rights and properties.

13 TRADE AND BILLS RECEIVABLES

	30 June	31 December
	2026	2025
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Trade receivables	220,957	194,446
Bills receivables	–	228
Less: provision for impairment of trade and bills receivables	(24,828)	(23,982)
Trade and bills receivables	196,129	170,692

The Group's sales are on credit terms primarily from 30 to 120 days.

As at 30 June 2026 and 31 December 2025, the aging analysis of trade and bills receivables, based on invoice date, was as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 3 months	150,744	119,067
Over 3 months	70,213	75,607
	220,957	194,674
Less: provision for impairment of trade and bills receivables	(24,828)	(23,982)
	196,129	170,692

As at 30 June 2026 and 31 December 2025, the carrying amounts of trade and bills receivables approximated their fair values.

14 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2026 RMB'000	31 December 2025 RMB'000
Prepayments	69,232	52,208
Prepayments for the acquisition of properties, plant and equipment and intangible asset	6,606	30,439
Less: provision for impairment on prepayments	–	(31,250)
	75,838	51,397
Deposits	1,958	19,141
Deposits for the acquisition of properties, plant and equipment	22,850	–
Other receivables	33,588	6,032
Other receivables for the construction	128,300	–
Value-added tax receivables	11,002	10,378
Less: provision for impairment on deposits and other receivables	(171)	(16,554)
	197,527	18,997
	273,365	70,394
Analysed as		
Current	273,127	69,304
Non-current	238	1,090
	273,365	70,394

15 TRADE AND BILLS PAYABLES

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Trade payables	105,752	60,541
Bills payables	20,000	24,000
	<u>125,752</u>	<u>84,541</u>

As at 30 June 2026 and 31 December 2025, the aging analysis of trade and bills payables, based on invoice date, was as follows:

	30 June 2026 RMB'000 (Unaudited)	31 December 2025 RMB'000 (Audited)
Within 3 months	122,121	80,514
Over 3 months	3,631	4,027
	<u>125,752</u>	<u>84,541</u>

As at 30 June 2026 and 31 December 2025, the carrying amounts of trade and bills payables approximated their fair values.

16 PROVISION FOR REINSTATEMENT COST, CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	30 June 2026 <i>RMB'000</i> (Unaudited)	31 December 2025 <i>RMB'000</i> (Audited)
Current portion		
Accrued salaries and bonus	11,427	12,356
Accrued expenses	3,898	6,125
Interest payable	4,147	3,856
Other tax payables	7,028	5,364
Other payables	63,141	24,755
Payables for construction works	–	24,964
Provision on litigation case	–	31,526
	<u>89,641</u>	<u>108,946</u>
Other payables and accruals		
	<u>11,330</u>	<u>22,941</u>
Contract liabilities		
	<u>–</u>	<u>22,189</u>
Non-current portion		
Provision for reinstatement cost	–	22,189

As at 30 June 2026 and 31 December 2025, the carrying amounts of contract liabilities, other payables and accruals approximated their fair values. They were unsecured, interest free and repayable on demand.

17 DISPOSAL OF SUBSIDIARIES

In March 2026, the Group disposed of its 100% equity interests in Aspace Holdings Limited, Prestige Dragon Holdings Limited and Supreme Class International Limited (collectively referred to as the “**Disposal Group**”) to Van Minh Technology Service Trading Company Limited, an independent third party, for a consideration of US\$2,000,000 (approximately RMB13,487,000). The disposal was completed on 9 March 2026. After the Disposal, each member of the Disposal Group ceased to be a subsidiary of the Company. The Group has obtained legal opinion that the obligation to pay the liabilities arising from the dispute over tenancy agreements for premises in Hong Kong will not attach to the Company thereafter.

The aggregate net assets of the Disposal Group at the date of disposal were as follows:

	Aspace Holdings Limited RMB'000	Prestige Dragon Holdings Limited RMB'000	Supreme Class International Limited RMB'000	Disposal Group RMB'000 (unaudited)
Properties plant and equipment (<i>note</i>)	12,968	1,297	6,916	21,181
Prepayments, deposits and other receivables	667	–	435	1,102
Cash and cash equivalents	–	–	53	53
Other payables and accruals	(22,485)	(4,073)	(30,958)	(57,516)
Lease liabilities	(117,040)	(11,824)	(27,291)	(156,155)
Provision for reinstatement cost	(12,968)	(1,297)	(6,916)	(21,181)
Net liabilities disposed of	(138,858)	(15,897)	(57,761)	(212,516)
Non-controlling interest	165,980	–	–	165,980
Release of reserves	(125,632)	(1,650)	(10,489)	(137,771)
				(184,307)
Consideration received				(13,487)
Gain on disposal				(197,794)

An analysis of net inflows of cash and cash equivalents in respect of the disposal of Disposal Group is as follows:

	Unaudited 30 June 2026 RMB'000
Net cash inflow arising on disposal:	
Cash consideration received	1,349
Cash and cash equivalents disposed of	(53)
	1,296

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the first half of 2026, China Strategic Technology Group Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) navigated a complex and changing global landscape marked by persistent inflationary pressures, currency volatility, and geopolitical uncertainty. Despite these challenges, the Group demonstrated resilience and strategic focus, delivering a notable improvement in financial performance compared to the same period last year.

Total revenue for the six-month period reached approximately RMB243.8 million, representing a year-on-year increase of 41.3%. This growth was primarily driven by the Electronics Manufacturing Services (the “**EMS**”) segment, which saw strong demand for printed circuit board assemblies (the “**PCBAs**”), particularly from clients in the banking and finance sectors. Revenue from PCBAs rose by 36.5%, while assembled products decreased by 74.8% due to the decrease in demand. The Group also benefited from geographic diversification, with increased sales in China and Germany offsetting declines in India, Australia and the USA.

Gross profit decreased to RMB17.1 million. The decline reflected changes in the Group’s business mix, including the commencement of trading activities which are at an early stage of development and operate at relatively lower margins. While the overall gross profit margin was diluted, the trading business broadened the Group’s revenue base and is expected to create opportunities for future growth. Gross profit in the EMS business was affected by an increase in cost of sales that outpaced revenue growth. In response, the Group adopted a stable pricing strategy to retain customers and preserve its market position. Selling and distribution expenses increased by 13.1%, while general and administrative expenses were reduced by 30.0%, reflecting the Group’s commitment to operational efficiency. Net finance costs also fell significantly, down by 35.7% to RMB3.6 million, due to lower interest-bearing liabilities and favourable financing arrangements.

The Group reported a profit attributable to equity holders of RMB141.6 million, representing a substantial turnaround from the loss of RMB32.4 million recorded in the first half of 2025. Total comprehensive income for the Review Period was RMB151.3 million and the total comprehensive loss was RMB35.5 million in the corresponding period of 2025. Basic and diluted earnings per share was RMB19.8 cents, compared to loss per share of RMB6.4 cents in the previous year.

The Group will continue to invest in its strategic pillars of artificial intelligence, precision manufacturing, and aerospace technology. These areas form the foundation of the Group’s long-term growth strategy, enabling it to deliver intelligent algorithms, machine vision systems, micro-nano fabrication capabilities, and advanced satellite technologies.

Despite the progress made, the Group remains highly leveraged, with a gearing ratio of 528.9% as of 30 June 2026. Cash and cash equivalents stood at RMB30.2 million, slightly down from RMB33.7 million at year-end 2025. To support its liquidity needs, the Group has secured multiple funding sources, including interest-free loans from major shareholders, bond placements, equity subscriptions, and banking facilities. These measures are critical to sustaining operations and executing strategic initiatives.

Management is confident that its financing and operational plans will provide the necessary support to the Group. The Board remains committed to steering the Group through this transitional phase, with a clear focus on innovation, efficiency, and sustainable growth.

OPERATING RESULTS

Revenue by Customer's Geographical Location

The Group's revenue from continuing operations by geographical location, which is determined by the location of customers, is as follows:

	Unaudited	
	six months ended 30 June	
	2026	2025
	<i>RMB'000</i>	<i>RMB'000</i>
Continuing operations		
The PRC	165,996	58,762
Vietnam	29,756	33,711
Hong Kong	17,955	26,653
Germany	15,343	149
South Korea	4,874	3,104
India	3,865	23,309
Australia	1,716	10,454
The USA	509	7,351
Others	3,744	9,006
	243,758	172,499

Revenue by Product Type

During the Review Period, the Group's revenue was generated primarily through four principal product categories: PCBAs (Printed Circuit Board Assemblies), fully assembled electronic products, materials and comestibles.

	Unaudited		
	six months ended 30 June		
	2026	2025	Change
	<i>RMB'000</i>	<i>RMB'000</i>	%
Revenue by Product Type			
Printed circuit board assemblies	187,534	137,364	36.5%
Materials	26,135	—	—
Comestibles	20,173	—	—
Fully-assembled electronic products	8,859	35,135	(74.8%)
Others	1,057	—	—
Total	243,758	172,499	41.3%

Revenue from PCBAs increased by 36.5% from approximately RMB137.4 million for the period ended 30 June 2025 to approximately RMB187.5 million during the Review Period, driven by a higher volume of orders associated with higher gross profit margins. These assemblies are utilised in electronic end-products across the banking and finance, telecommunications, and smart device industries. Notably, the banking and finance sector experienced an increase in demand, which resulted in growth in this segment.

The fully assembled electronic products that are predominantly manufactured in-house include mobile phones, mobile point-of-sale (mPOS) devices, photovoltaic inverters, tablets, and streetlamp controllers, and are sold under the brands of the Group's customers or their ultimate clients. The revenue generated from fully assembled electronic products decreased by 74.8% from approximately RMB35.1 million for the period ended 30 June 2025 to RMB8.9 million during the Review Period mainly due to the decrease in demand from overseas mobile phones and tablets manufacturers who did not place new orders during the Review Period.

Gross Profit

During the Review Period, the Group achieved a gross profit of approximately RMB17.1 million, marking a decrease of 52.8% compared to the RMB36.2 million recorded for the period ended 30 June 2025. The commencement of trading activities which are at early stage of development and operate at relatively low margins has diluted the Group's gross profit. Nevertheless, the trading business has broadened the Group's revenue base and is expected to

create opportunities for future growth. The gross profit of EMS Business was affected by the increase in cost of sales that outpaced revenue growth. The Group adopted a stable pricing strategy to retain customers and preserve its market position.

Other Income

Other income for the Review Period amounted to approximately HK\$3.0 million (Period ended 30 June 2025: HK\$3.7 million). Other income of the Group for the Review Period mainly represented discretionary government grants received by the Group of approximately RMB0.7 million (six months ended 30 June 2025: approximately RMB1.6 million) and service income of approximately RMB2.2 million (six months ended 30 June 2025: RMB0.8 million).

Other Gains, Net

Other Gains, Net for the Review Period amounted to approximately RMB189.0 million (six months ended 30 June 2025: RMB4.2 million). During the Review Period, other gains mainly represented gains on disposal of subsidiaries of approximately RMB197.8 million (six months ended 30 June 2025: RMB nil), loss on compensation to a customer in respect of inventory destroyed of approximately RMB14.9 million (six months ended 30 June 2025: RMB nil), and gain on disposal of properties, plant and equipment of approximately RMB6.3 million (six months ended 30 June 2025: loss of RMB0.2 million).

Selling and Distribution Expenses

Selling and distribution expenses mainly comprised (i) employee benefit expenses which include salaries and allowance, social insurance contributions and staff welfare expenses for sales staff; (ii) sales commission paid to the sales agent in respect of customer introduction; (iii) advertising expenses; and (iv) entertainment expenses. For the Review Period, selling and distribution expenses amounted to approximately RMB6.9 million (six months ended 30 June 2025: approximately RMB6.1 million), representing an increase of approximately 13.1% as compared to that for the corresponding period in 2025. The increase in the selling and distribution expenses was mainly due to the commencement of new trading activities, while the EMS business also recorded an increase in selling and distribution expenses in line with revenue growth in this segment.

General and Administrative Expenses

General and administrative expenses mainly represented (i) employee benefit expenses which include salaries and allowance, social insurance contributions and staff welfare expenses of administrative staff; (ii) legal and professional fees; (iii) building management fee; and (iv) other administrative expenses. For the Review Period, general and administrative expenses

amounted to approximately RMB56.5 million (six months ended 30 June 2025: approximately RMB80.7 million), representing a decrease of approximately 30.0% as compared to that for the corresponding period in 2025. The decrease in the general and administrative expenses was mainly due to the decrease in building management fee and depreciation of property, plant equipment resulting from the disposal of subsidiaries.

Finance Costs, Net

Finance costs mainly comprised interest expenses on bank and other borrowings, finance lease liability and lease liabilities while the finance income mainly represented interest income on cash and cash equivalents and pledged bank deposits. For the Review Period, the net finance costs of the Group was approximately RMB3.6 million (six months ended 30 June 2025: approximately RMB5.6 million). The decreased net finance costs was primarily due to the decrease in the interest expenses on lease liabilities resulting from the disposal of subsidiaries during the Review Period.

Income Tax Expense

Income tax expense amounted to approximately RMB0.8 million for the Review Period (six months ended 30 June 2025: approximately RMB0.03 million). The increase in income tax expenses is mainly due to more assessable profit generated by the Group during the Review Period.

Profit/loss for the period

As a result of the factors discussed above, the Company recorded a profit of approximately RMB140.4 million for the Review Period (six months ended 30 June 2025: loss of HK\$48.6 million).

LIQUIDITY AND CAPITAL RESOURCES

Net Current Liabilities

The Group had net current assets of approximately RMB9.2 million as at 30 June 2026 (31 December 2025: net current liabilities of approximately RMB193.2 million). The current ratio of the Group was approximately 1.02 as at 30 June 2026 (31 December 2025: 0.60).

Borrowings, the Pledge of Assets and Restricted Cash

The bank and other borrowings of the Group amounted to approximately RMB234.2 million as at 30 June 2026 (31 December 2025: approximately RMB88.0 million). The weighted average interest rate per annum of the Group's bank and other borrowings as at 30 June 2026 was 1.21% (31 December 2025: 3.35%). As at 30 June 2026 and 31 December 2025, the bank and other borrowings were secured by pledged bank deposit, shares of the Company's subsidiary, corporate guarantees provided by the members of the Group and a personal guarantee by Mr. Ma Fujun, an executive Director. As at 30 June 2025, the bank deposits included in assets classified as held for sale amounting to RMB10 million were pledged to banks for a performance bond provided for customer contract. As at 30 June 2026, the cash and cash equivalents, pledged bank deposits, restricted cash and bank and other borrowings were mainly denominated in RMB, Hong Kong Dollars ("HK\$"), United States Dollars ("USD") and Euros ("EUR").

Gearing Ratio

The gearing ratio, which is calculated by total bank and other borrowings, bond payable and loans from related companies divided by total equity, was approximately 528.9% as of 30 June 2026 (31 December 2025: 75.6%).

Capital Structure

As at 30 June 2026, the Company's issued share capital was HK\$8,184,100 (31 December 2025: HK\$6,040,740) and the number of issued shares of the Company was 818,410,000 (31 December 2025: 604,074,000) ordinary shares of HK\$0.01 each ("**Share(s)**").

Foreign Exchange Exposure and Exchange Rate Risk

The Group's assets, liabilities and transactions are mainly denominated in RMB, HK\$, USD and EUR, and there are no significant assets and liabilities denominated in other currencies. The Group is subject to foreign exchange rate risk arising from future commercial transactions and recognised assets and liabilities which are denominated in a currency other than the respective functional currencies of the Group's entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The management closely monitors the foreign currency exposure from time to time.

Capital Expenditure

For the Review Period, the Group had capital expenditure of approximately RMB33.4 million (six months ended 30 June 2025: approximately RMB1.5 million). The capital expenditure was related to the additions of furniture and fixtures, plant and machinery, construction of manufacturing plant and intangible asset.

INTERIM DIVIDEND

The Board does not recommend payment of interim dividend for the Review Period (six months ended 30 June 2025: Nil).

EMPLOYEES AND EMOLUMENTS POLICY

The key components of the Group's remuneration package include basic salary, and where appropriate, other allowances, commission, bonuses and the Group's contribution to mandatory provident funds or state-managed retirement benefits scheme.

As at 30 June 2026, the Group had approximately 356 employees with a total remuneration of approximately RMB19.1 million during the Review Period (six months ended 30 June 2025: approximately RMB34.9 million). The salaries of the employees were determined with reference to individual performance, work experience, qualification and current industry practices.

CAPITAL COMMITMENT

As at 30 June 2026, the Group's capital commitment amounted to approximately RMB426.7 million (31 December 2025: approximately RMB2.2 million). The capital commitment was mainly related to (i) the fitting-out contracts and procurement and installation contracts for the establishment of the Aerospace Business, (ii) satellite procurement contracts and (iii) construction contracts.

CONTINGENT LIABILITIES

The Group did not have any material contingent liabilities as of 30 June 2026 (31 December 2025: Nil).

EQUITY FUND RAISING ACTIVITY OF THE COMPANY IN THE PAST 12 MONTHS

The Company has conducted the following equity fund raising activity in the 12-month period prior to the date of this announcement.

Date of relevant announcements	Fund raising activity	Intended use of proceeds	Approximate net proceeds	Actual use of proceeds as at the date of this announcement	Utilised approximate net proceeds as at the date of this announcement
25 July 2025 and 1 August 2025	Subscription of new Shares under the general mandate	General working capital	HK\$64.5 million	Fully utilised as intended	Nil
5 December 2025, 23 December 2025, 23 January 2026, 26 January 2026, 4 March 2026, 23 March 2026, 31 March 2026 and 9 April 2026	(1) Subscription of new Shares under specific mandate; and (2) Placing of new Shares under specific mandate	Repayment of shareholder's loan; and general working capital of the Group	HK\$117.84 million	Fully utilised as intended	Nil

Save as disclosed above, the Company has not conducted any equity fund raising activities during the twelve months immediately preceding the date of this announcement.

Save as disclosed, the Company has not conducted any equity fund raising activities during the Review Period and there are no other proceeds brought forward from any issue of equity securities (including securities convertible into equity securities) in previous financial year(s).

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENTS

The Group did not make any material acquisitions or disposals and the Group did not hold any significant investments during the Review Period.

EVENTS AFTER THE REVIEW PERIOD

Placing of New Shares under General Mandate

On 18 August 2026, the Company and the placing agent entered into the placing agreement, pursuant to which the Company has conditionally agreed to place through the placing agent, on a best effort basis, up to 163,682,000 placing shares (the “**Placing Shares II**”) at the placing price of HK\$0.30 per Placing Share II to not less than six placees who and whose ultimate beneficial owners (if applicable) are independent third parties. Details of which are set out in the announcement of the Company dated 18 August 2026.

Save as disclosed elsewhere in this announcement, there are no significant events affecting the Group which have occurred after the Review Period and up to the date of this announcement.

CHANGE OF DIRECTORS

Pursuant to Rule 13.51B of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the change of directors following the publication of 2025 annual report of the Company is as follows:

On 13 July 2026, Mr. Chen Youan has resigned from his office of executive Director and the deputy chairman of the Board, and Mr. Shi Jun has been appointed as an independent non-executive Director. Details of which are set out in the announcement of the Company dated 13 July 2026.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with the code provisions set out in the Corporate Governance Code (the “**CG Code**”) in force during the Review Period as set out in Appendix C1 to the Listing Rules during the Review Period.

AUDIT COMMITTEE

The Company established the audit committee of the Board (the “**Audit Committee**”) on 25 July 2018 with terms of reference in compliance with the CG Code to the Listing Rules for the purpose of making recommendations to the Board on the appointment and removal of the external auditor, to review the financial statements and related materials and provide independent advice in respect of the financial reporting process, and to oversee the risk management and internal control system of the Group. The Audit Committee comprises three members, all being independent non-executive Directors, namely, Ms. Chow Yin Kwan Yvonne (Chairperson), Mr. Yao Xinguo and Mr. Boris Tadić.

The condensed consolidated interim financial statements of the Company for the six months ended 30 June 2026 have not been audited or reviewed by the Company's external auditor, but they have been reviewed by the Audit Committee and have been duly approved by the Board under the recommendation of the Audit Committee.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code during the Review Period.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the Review Period.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cncstg.com). The interim report of the Company for the Review Period will be published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
China Strategic Technology Group Limited
Gu Lin
Chairman and Executive Director

Hong Kong, 27 August 2026

As at the date of this announcement, the Board comprises Mr. Gu Lin (Chairman), Mr. Lu Huasheng, Mr. Zhang Yuanqi and Mr. Ma Fujun as executive Directors; and Mr. Yao Xinguo, Mr. Shi Jun, Mr. Boris Tadić and Ms. Chow Yin Kwan Yvonne as independent non-executive Directors.