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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)

DISCLOSEABLE TRANSACTION IN RESPECT OF THE DISPOSAL

AGREEMENT

The Board hereby announces that, on 30 September 2026 (after trading hours), the Vendor (a wholly owned subsidiary of the Company) and the Purchaser entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing the entire issued shares of the Target Company, at a Consideration of HK\$3,696,030.

As at the date of this announcement, the Target Company is wholly owned by the Vendor. Upon Completion, the Vendor will no longer hold any equity interest in the Target Company, and each member of the Target Group will cease to be subsidiaries of the Company. Accordingly, the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group upon Completion.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceeds 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion is subject to fulfillment of the conditions precedent set out in the Agreement and therefore the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

THE DISPOSAL

The Board hereby announces that, on 30 September 2026 (after trading hours), the Vendor (a wholly owned subsidiary of the Company) and the Purchaser entered into the Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares, representing the entire issued shares of the Target Company, at the Consideration of HK\$3,696,030.

Details of the Agreement are summarised as follows:

Date : 30 September 2026

Parties : (i) the Vendor, a wholly owned subsidiary of the Company; and
(ii) the Purchaser

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, as at the date of this announcement, the Purchaser is an Independent Third Party.

Asset to be disposed of

Pursuant to the terms and conditions of the Agreement, the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase the Sale Shares, representing the entire issued shares of the Target Company.

Consideration and Payment

The Consideration of HK\$3,696,030 shall be payable by the Purchaser in the following manner:

1. on the day of signing of the Agreement, ten percent (10%) of the Consideration, being HK\$369,603 (the “**First Instalment of Consideration**”), shall be paid in cash by the Purchaser as deposit;
2. on the day of receipt of the written notice given by the Purchaser confirming that he has completed the due diligence review of the Target Group and the results of which being reasonably satisfactory to the Purchaser, seventy percent (70%) of the Consideration, being HK\$2,587,221 (the “**Second Instalment of Consideration**”), shall be paid in cash by the Purchaser; and
3. twenty percent (20%) of the Consideration, being HK\$739,206 (the “**Third Instalment of Consideration**”), shall be paid in cash by the Purchaser on Completion.

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser with reference to, among other things, (i) the fair value of the entire equity interests in the PRC Company as at 30 June 2026 of RMB3,159,000 by using market-based approach with reference to the valuation report issued by the Valuer; (ii) the unaudited net asset value of the PRC Company as at 30 June 2026 of approximately RMB2.6 million; (iii) the loss-making performance of the PRC Company; and (iv) the factors set out in the paragraph headed "Reasons and Benefits for the Disposal" below.

Conditions Precedent

Completion shall be conditional upon and subject to fulfillment (or waive, if applicable) of the following conditions precedent:

- i. the Purchaser has completed the due diligence review of the Target Group and the results of which being reasonably satisfactory to the Purchaser;
- ii. there has been no material adverse change in the financial condition of the Target Group since the date of the Agreement; and
- iii. the Vendor's warranties and representations as set out in the Agreement being true and accurate in all material respects and not misleading in any material respect.

The Purchaser may, at its absolute discretion, waive any of the conditions precedent set out above in whole or in part, and on such terms as the Purchaser thinks fit, by notice in writing to the Vendor.

As at the date of this announcement, none of the above conditions precedent have been fulfilled or waived.

Completion

Completion shall take place on the Completion Date.

Termination

If any condition precedent is not fulfilled or waived before the Long Stop Date, the Vendor shall refund to the Purchaser the First Instalment of Consideration and/or the Second Instalment of Consideration (if actually paid by the Purchaser to the Vendor and without interest). Thereafter, the Agreement shall cease and terminate, and neither party shall have further obligation and liability to the other.

If the Vendor fails to perform any of its obligations under the Agreement, the Vendor shall refund to the Purchaser the First Instalment of Consideration and/or the Second Instalment of Consideration (if actually paid by the Purchaser to the Vendor and without interest), and pay an amount of HK\$369,603 to the Purchaser as liquidated damages. Thereafter, the Agreement shall terminate, and neither party shall have further obligation and liability to the other.

If the Purchaser fails to perform any of his obligations the Agreement, the Vendor shall be entitled to forfeit the First Instalment of Consideration absolutely and refund to the Purchaser the Second Instalment of Consideration (if actually paid by the Purchaser to the Vendor and without interest). Thereafter, the Agreement shall then terminate, and neither party shall have further obligation and liability to the other.

INFORMATION OF THE VENDOR

The Vendor is a company incorporated in the BVI and is an investment holding company. The Vendor is a wholly owned subsidiary of the Company.

INFORMATION OF THE PURCHASER

The Purchaser is Mr. Huang Hu, an entrepreneur principally engaged in the research, development, and manufacturing of electronic products and other related businesses. Mr. Huang Hu has over nine years of working experience, with over six years of management experience, in the electronics industry in the PRC.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in the BVI with limited liability and a direct wholly owned subsidiary of the Vendor. The principal business activity of the Target Company is investment holding. As at 30 June 2026, the unaudited net assets of the Target Company was RMB37,663.

The Hong Kong Company is a company incorporated in Hong Kong with limited liability and a direct wholly owned subsidiary of the Target Company. The principal business activity of the Hong Kong Company is investment holding. As at 30 June 2026, the unaudited net liabilities of the Hong Kong Company was RMB43,263.

The PRC Holding Company is a company established in the PRC with limited liability and a direct wholly owned subsidiary of the Hong Kong Company. The principal business activity of the PRC Holding Company is investment holding. As at 30 June 2026, the unaudited net assets of the PRC Holding Company was nil.

The Target Company, the Hong Kong Company and the PRC Holding Company, being investment holding companies, recorded no operational turnover since their incorporation.

The PRC Company is a company established in the PRC with limited liability and a direct wholly owned subsidiary of the PRC Holding Company. It is principally engaged in electronics manufacturing services in the PRC. The electronic products manufactured by the PRC Company are mainly used in the energy, telecommunication and smart devices industries, such as intelligent building equipment, emergency lights and wind-power-related parts. As at 30 June 2026, the paid-up capital and unaudited net asset value of the PRC Company were RMB30.0 million and RMB2.6 million, respectively. The major assets of the PRC Company include production facilities and equipment of approximately RMB14.0 million.

Financial information of the PRC Company

Based on the unaudited financial statements of the PRC Company, the major unaudited financial information of the PRC Company for the years ended 31 December 2024 and 2025 and for the six months ended 30 June 2026 are summarised as follows:

	For the year ended 31 December 2024 RMB'000 (unaudited)	For the year ended 31 December 2025 RMB'000 (unaudited)	For the six months ended 30 June 2026 RMB'000 (unaudited)
Profits/(loss) before income tax	322	(37,762)	(19,505)
Profits/(loss) after income tax	635	(38,204)	(19,505)

As at 30 June 2026, the unaudited net asset value of the PRC Company was RMB2.6 million.

Valuation

The Valuer has conducted an independent valuation on the fair value of the entire equity interests in the PRC Company as at 30 June 2026 using the market-based approach and issued a valuation report on 29 September 2026. According to the valuation report, the fair value of the entire equity interests in the PRC Company as at 30 June 2026 was appraised at RMB3,159,000, with the scope of work, valuation methodology and major assumptions as set out below.

Scope of Work

In conducting the valuation, the Valuer has considered, among others, (i) the discussion with the management of the Group in relation to the background, development, operation, financial performance and other relevant information of the PRC Company; (ii) the relevant financial information, operational information and other relevant data concerning the PRC Company for the year ended 31 December 2025 and for the six months ended 30 June 2026; and (iii) market research in relation to the economic outlook in general and the specific economic environment and market elements affecting the business, industry, and market and obtained relevant statistical figures from the public sources.

Valuation Methodology

In the process of valuing the PRC Company, the Valuer has taken into consideration the business nature, assets type, specialty of its operations, assets owned, and liabilities assumed and industry it is participating. Among the three general valuation methodologies, the Valuer believed that the market approach would be appropriate and reasonable in the valuation of the PRC Company taking into account, among others, the following key considerations.

The income approach was not adopted because the use of projections would involve a high level of uncertainty, long-term forecast estimates and underlying assumptions; and projections of the PRC Company are not available and accessible to the Valuer; the asset approach was not adopted as the valuation of the PRC Company is conducted on a going concern basis; therefore, the cost of reproducing and replacing its assets is inappropriate as such method ignores the future economic benefits of the business as a whole.

As such, the market-based approach was solely adopted for the PRC Company to arrive at its fair value.

The guideline public company method (the “**GPC Method**”) under the market-based approach has been adopted as there are certain publicly traded companies engaged in the same or similar line of business as the PRC Company that can be identified, while the comparable transaction method was not adopted as there are insufficient direct comparable transactions in the market to form a reliable opinion of value.

In selecting appropriate multiples for the GPC Method, the Valuer evaluated several alternatives, including Price to Sales (“**P/S**”), Price to Earnings (“**P/E**”), Price to Book (“**P/B**”), Enterprise Value to Sales (“**EV/S**”), Enterprise Value to Earnings before interest, tax, depreciation, and amortisation (“**EV/EBITDA**”) and Enterprise Value to Earnings before interest and tax (“**EV/EBIT**”) ratios.

P/S ratio and EV/S ratio were not used as sales do not capture the cost of operations which is significant in manufacturing industry, and thus does not necessarily and truly indicate the profitability of the PRC Company. P/E ratio was not used as the PRC Company was loss-making. EV/EBITDA ratio and EV/EBIT ratio were not adopted as they omit the economic costs throughout the useful life of the fixed assets used in production process and the interest expenses arising from the lease liabilities via leasing the industrial site, which are key expenditure in operating the subject manufacturing business.

On the other hand, as an electronics components and products manufacturer, the PRC Company's assets include the fixed assets for production, inventories of electronics outputs and receivables to be settled upon product deliveries, where the size of the book value indicates the efficiency of machine and equipment utilisation and the working capital turnover. In this instance, the Valuer have considered the P/B ratio as the most appropriate benchmark.

Major Assumptions

The Valuer has adopted certain assumptions in the valuation and the principal assumptions are as follows:

- to continue operation on a going concern basis, the PRC Company will successfully carry out all necessary activities for the development of its business;
- the contractual parties of relevant agreements will act in accordance with the terms and conditions of the agreements and understandings between the parties and will be renewable upon expiry, if applicable;
- the financial and operational information of the PRC Company as supplied to the Valuer have been prepared in a manner which truly and accurately reflect the financial position of the PRC Company as at the balance sheet dates;
- market trends and conditions where the PRC Company operates will not deviate significantly from the economic forecasts in general;
- key management, competent personnel and technical staff will all be retained to support ongoing operations of the PRC Company;
- there will be no material changes in the business strategy of the PRC Company and its expected operating structure;
- interest rates and exchange rates in the localities for the operations of the PRC Company will not differ materially from those presently prevailing;

- all relevant consents, business certificates, licenses or other legislative or administrative approvals from any local, provincial or national government, or private entity or organisation required to operate in the localities where the PRC Company operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and
- there will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the PRC Company operates or intends to operate, which would adversely affect the revenues and profits attributable to the PRC Company.

The Board has reviewed the valuation report, relevant assumptions and approaches, among other things, adopted in the valuation report by the Valuer. Having considered that (i) the Valuer is an independent professional valuer; (ii) the scope of work carried out by the Valuer is appropriate for the purpose of the valuation; and (iii) the valuation approach, methodology and assumptions adopted during the valuation are fair and reasonable having regard to the nature and status of the PRC Company, the Board is of the view that the valuation underlying the Consideration is fair and reasonable.

REASONS AND BENEFITS FOR THE DISPOSAL

The Company is an investment holding company and the Group is principally engaged in sectors: 1) aerospace business, comprising (A) aerospace titanium alloy material manufacturing, (B) aerospace satellite component manufacturing, and (C) digital applications for aerospace satellites; 2) precision manufacturing, comprising (A) electronic manufacturing services (EMS) components of printed circuit boards and fully assembled electronic products (PCBA), (B) energy management and manufacturing services, intelligent control systems and chips management, thermal management and electronic control systems, and (C) sensor manufacturing services, automatic medium and micro-pressure sensors for industrial use, medium- and micro-pressure sensors for electronic equipment, (collectively the “**EMS Business**”); and 3) energy storage Industry, comprising (A) investment in, construction, and operational management of energy storage power stations, and (B) R&D and production of energy storage systems and core equipment.

Due to evolving trade policies, geopolitical tensions, supply chain restructuring, and intensified price competition, customers of the Group’s EMS Business have faced severe operational and macroeconomic challenges-specifically, escalating production costs in the PRC and rising global material costs. Despite these headwinds, the Group has undertaken proactive business development initiatives, successfully expanding the revenue base of its EMS Business. Revenue from the EMS Business surged by approximately 103.4%, rising from approximately RMB315.8 million for the year ended 31 December 2024 to approximately RMB642.5 million for the year ended 31 December 2025. This growth was

primarily driven by a notable increase in demand from the banking and finance sector alongside the launch of new products. This upward trajectory continued into 2026, with revenue increasing by approximately 14.0% from approximately RMB172.5 million for the six months ended 30 June 2025 to approximately RMB196.7 million for the six months ended 30 June 2026, sustained by ongoing demand from the banking and finance sector.

Notwithstanding this robust top-line growth, the Group's profitability margins faced severe compression. The overall gross profit margin narrowed from approximately 15.2% for the year ended 31 December 2024 to approximately 5.9% for the year ended 31 December 2025. This compression was a direct result of the Group's competitive pricing strategy, which was deployed to retain existing clients, deepen market penetration, and expand its customer base. This downward margin trend persisted into the first half of 2026; the gross profit margin of the EMS Business dropped significantly from approximately 21.0% for the six months ended 30 June 2025 to approximately 8.5% for the six months ended 30 June 2026. This contraction was primarily driven by increasing cost of sales that outpaced revenue growth under the Group's stable pricing strategy.

Concurrently, while striving to preserve market competitiveness, the management of the Company has been actively evaluating strategic alternatives to optimise the profitability of the EMS Business and alleviate escalating cost pressures on the Group's consolidated financial results. As mentioned in the annual report of the Company for the year ended 31 December 2025 (the "**Annual Report**"), the Group will continue to proactively optimise the supply chain process, improve production efficiency, and adjust procurement strategies to maintain the competitiveness and the capability in operational efficiency of the EMS Business.

To align with these initiatives, the Group intends to consolidate the PRC Company's management resources under the EMS Business into higher-performing subsidiaries, with production being outsourced to qualified independent subcontractors which reduces production overheads. This strategic shift represents a further step in the Group's ongoing transition of the EMS Business toward higher-value activities, including procurement of quality and cost-efficient materials, research and development of tailored solutions for customers, and quality control and after-sales support to ensure product reliability and reputation. By disposing of the loss-making PRC Company, the Group expects to reduce its manufacturing cost burden, carve out the non-performing subsidiary, and thus enhance the overall profitability and financial performance of the EMS Business.

According to the Annual Report, the Group is also actively pursuing growth opportunities in its aerospace business, precision business and energy storage business, including investments in and construction of grid-side energy storage power station, R&D and production of energy storage systems and key equipment, and the industrialisation of aerospace titanium materials and satellite data application projects, as well as the progressive advancement of the new energy vessel industry.

The Company is of the view that the Disposal is in line with the Group's development strategy which is to focus on (i) maintaining the competitiveness and the capability in operational efficiency of the EMS Business; and (ii) the overall development of its aerospace, precision and energy storage businesses. Ultimately, this Disposal aligns the Group's operational strategy to deliver sustainable long-term growth and maximise returns for Shareholders.

Based on the above, the Directors are of the view that the terms of the Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, the Vendor will no longer hold any equity interest in the Target Company, and each member of the Target Group will cease to be subsidiaries of the Company. Accordingly, the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group upon Completion.

Based on the Consideration of HK\$3,696,030 less the net asset value of the Target Group as at 30 June 2026 as well as the estimated transaction expenses, the Company may recognise a net gain of approximately HK\$317,000 from the Disposal.

The net proceeds from the Disposal (after deducting the estimated transaction expenses in relation to the Disposal) of approximately HK\$3.3 million will be utilised for the general working capital of the EMS Business.

The actual amount of gain or loss as a result of the Disposal to be recorded by the Company will be subject to the review and final audit by the auditors of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Completion is subject to fulfillment of the conditions precedent set out in the Agreement and therefore the Disposal may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the following meanings when used herein:

“Agreement”	an agreement dated 30 September 2026 entered into between the Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Business Day(s)”	a day on which licensed banks in Hong Kong are generally open for business, other than a Saturday or Sunday or a public holiday
“BVI”	the British Virgin Islands
“Company”	China Strategic Technology Group Limited (中國技術集團有限公司), a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 1725)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Agreement
“Completion Date”	the date of Completion which shall fall within seven (7) Business Days after fulfilment and/or waiver of all the conditions precedent under the Agreement (or such other date as the Vendor and the Purchaser may agree in writing)
“Consideration”	the consideration in the amount of HK\$3,696,030 payable by the Purchaser to the Vendor pursuant to the Agreement
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Shares pursuant to the terms and conditions of the Agreement
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Company”	Clever Morale Limited, a company incorporated in Hong Kong with limited liability and a direct wholly owned subsidiary of the Target Company
“Independent Third Parties”	any person or company and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons in accordance with the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	31 January 2027 (or such later date as may be agreed between the Vendor and the Purchaser in writing)
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, does not include Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PRC Company”	Huizhou City Eternity Company Limited* (惠州市弘盛昌科技有限公司), a company established in the PRC with limited liability and a direct wholly owned subsidiary of the PRC Holding Company
“PRC Holding Company”	Pufeng Technology (Huizhou) Company Limited* (普豐科技(惠州)有限公司), a company established in the PRC with limited liability and a direct wholly owned subsidiary of the Hong Kong Company
“Purchaser”	Mr. Huang Hu, an Independent Third Party
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	50,000 ordinary shares of the Target Company in issue, representing the entire issued shares of the Target Company

“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Steady Elite Limited, a limited liability company incorporated and validly existing under the laws of BVI and a direct wholly owned subsidiary of the Vendor
“Target Group”	collectively, the Target Company, the Hong Kong Company, the PRC Holding Company and the PRC Company
“US\$”	United States dollars, the lawful currency of the United States
“Valuer”	Valplus Consulting Limited, an independent qualified valuer engaged by the Company
“Vendor”	Total United Holdings Limited, a limited liability company incorporated and validly existing under the laws of BVI and a direct wholly owned subsidiary of the Company
“%”	per cent.

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

Hong Kong, 30 September 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.

For the purpose of this announcement, unless otherwise specified, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.17. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in RMB and HK\$ have been, could have been or may be converted at such rate or any other exchange rate.

* For identification purpose only