



中国科技产业集团有限公司
CHINA TECHNOLOGY INDUSTRY GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8111)

FIRST QUARTERLY REPORT **2020**

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This report, for which the directors ("Directors") of China Technology Industry Group Limited ("Company", and its subsidiaries, "Group", "our Group", "we" or "us") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

QUARTERLY RESULTS HIGHLIGHTS

The profit attributable to owners of the Company for the three months ended 30 June 2020 was approximately RMB9.1 million (2019: loss attributable to owners of the Company of approximately RMB5.5 million).

The revenue of the Group for the three months ended 30 June 2020 was approximately RMB86.2 million, representing an increase of approximately 234.6 per cent, as compared with approximately RMB25.8 million recorded for the three months ended 30 June 2019.

Gross profit margin of the Group was approximately 17.3 per cent for the three months ended 30 June 2020, as compared to approximately 15.4 per cent for the three months ended 30 June 2019.

Basic earnings per share for the three months ended 30 June 2020 was approximately RMB0.43 cents (2019: Basic loss per share of approximately RMB0.30 cents).

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2020 (2019: Nil).

We are pleased to present the unaudited consolidated results of China Technology Industry Group Limited for the three months ended 30 June 2020.

BUSINESS REVIEW

The Group was principally engaged in (i) sales of solar power related products; (ii) new energy power system integration business; (iii) sales of self-service automatic teller machine ("ATM") systems and printing systems, and (iv) provision of hardware and software technical support services in the People's Republic of China ("PRC" or "China") during the three months ended 30 June 2020. The Group was also engaged in sales of wind power related products such as sales of towers for wind turbines during the period under review.

The Group recorded a profit attributable to owners of the Company of approximately RMB9.1 million for the three months ended 30 June 2020 (2019: loss attributable to owners of the Company of approximately RMB5.5 million). Such increase in profit was mainly attributable to the increase in revenue and gross profit of the Group during the three months ended 30 June 2020.

The Group's revenue amounted to approximately RMB86.2 million for the three months ended 30 June 2020, representing an increase of approximately 234.6 per cent as compared with approximately RMB25.8 million recorded for the three months ended 30 June 2019. The increase in revenue was mainly attributable to revenue generated from the sales of wind power related products of approximately RMB73.4 million during the three months ended 30 June 2020 where there was no revenue generated therefrom during the three months ended 30 June 2019.

The Group's gross profit margin was approximately 17.3 per cent for the three months ended 30 June 2020, as compared to approximately 15.4 per cent for the three months ended 30 June 2019. The increase in the gross profit margin was due to the increase in revenue generated from the sales of wind power related products as stated above, the decrease in revenue generated from the sales of solar power related products from approximately RMB25.8 million during the three months ended 30 June 2019 to approximately RMB12.8 million during the three months ended 30 June 2020 and that the gross profit for wind power related products was higher than that for solar power related products.

Selling expenses incurred by the Group for the three months ended 30 June 2020 amounted to approximately RMB0.6 million (2019: approximately RMB0.6 million), representing an increase of approximately 6.8 per cent. The increase was due to the Group allocating more resources to explore new business opportunities during the three months ended 30 June 2020.

Administrative expenses incurred by the Group for the three months ended 30 June 2020 amounted to approximately RMB2.3 million (2019: approximately RMB6.0 million, representing a decrease of approximately 61.7 per cent. The decrease was due to the Group's policy on cost control during the three months ended 30 June 2020.

Basic earnings per share were approximately RMB0.43 cents for the three months ended 30 June 2020, as compared with the basic loss per share of approximately RMB0.30 cents for the three months ended 30 June 2019.

SALES OF SOLAR POWER RELATED PRODUCTS

The business of sales of solar power related products includes the research and development, sales and provision of other relevant technology consultation services of photovoltaic mounting brackets, solar trackers, the guardrail of the solar power stations and solar power related products.

The Group sources business for the sales of solar power related products by negotiating and securing contracts with the engineering, procurement, and construction contractors of construction projects of solar photovoltaic power station. The Group will supply the solar power related products (mainly mounting) required under such projects and be responsible for their design optimisation. The Group will access the geological condition of the construction site and propose specific design, requirements and standards for such construction and engage mounting manufacturers to provide the relevant products.

The revenue generated from the sales of solar power related products was approximately RMB12.8 million for the three months ended 30 June 2020 (2019: RMB25.8 million), accounted for approximately 14.9 per cent of the Group's total revenue during the three months ended 30 June 2020 (2019: 100 per cent).

SALES OF WIND POWER RELATED PRODUCTS

On 9 April 2020, the Group has entered into two supply contracts with a PRC state-owned entity ("Purchaser") pursuant to which the Group agreed to (i) sell and the Purchaser agreed to purchase towers for wind turbines and (ii) provide to the Purchaser technical services associated with the wind power projects for which the towers for wind turbines will be used. Please refer to the section headed "Sales of Towers for Wind Turbines and Solar Power Related Products" below for details.

The revenue generated from the sales of wind power related products was approximately RMB73.4 million for the three months ended 30 June 2020 (2019: Nil), accounted for approximately 85.1 per cent of the Group's total revenue during the three months ended 30 June 2020 (2019: Nil).

NEW ENERGY POWER SYSTEM INTEGRATION BUSINESS

Power system integration refers to the optimisation of technologies in the civil engineering system, electrical system and other ancillary system, database technologies, surveillance and software management. The Group shall source equipment and products from different vendors based on the scale and capacity of the respective new energy power stations and subsequently carry out integration of the separated equipment, functions and information into a connected, unified and coordinated system. Power system integration enables the utilisation of resources at their best to enhance optimisation of performance of the entire system and achieve centralised, high efficiency, balanced performance, substitutable and available for maintenance, as well as low cost management. The Group also offers subsequent system management services to the new energy power stations.

Considering the PRC government's encouragement on distributed photovoltaic power generation, the Group continues to look for business opportunities relating to solar energy generation projects and new energy power system integration services.

In October 2018, Shaanxi Baike New Energy Technology Development Co., Ltd.* (陝西百科新能源科技發展有限公司) ("Shaanxi Baike"), an indirect wholly-owned subsidiary of the Company, and an engineering company in Sichuan province of the PRC ("Sichuan Company") jointly entered into a subcontractor contract ("Subcontractor Contract") with PowerChina Hebei Engineering Corporation Limited for the provision of contractor services for the construction of a photovoltaic power station in Erquanjing Xiang, Zhangbei county of the PRC ("Zhangbei Project"). The Zhangbei Project has a designed capacity of 500MWp. The Subcontractor Contract is for the construction of 100MWp of the first phase of the Zhangbei Project of 240MWp.

There was no revenue generated from the new energy power system integration business during the three months ended 30 June 2020 (2019: Nil).

* For identification purpose only

SALES OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

There was no revenue generated from the sales of self-service ATM systems and printing systems during the three months ended 30 June 2020 (2019: Nil).

PROVISION OF HARDWARE AND SOFTWARE TECHNICAL SUPPORT SERVICES

There was no revenue generated from the provision of hardware and software technical support services during the three months ended 30 June 2020 (2019: Nil).

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

Except as disclosed in the section below headed "Discloseable and Connected Transaction in Relation to Acquisition of the Remaining 40% Equity Interest in Tianjin Hengqing and Issue of Consideration Shares Under Specific Mandate", there were no significant investments or material acquisition or disposal of subsidiaries by the Group during the period under review.

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 30 June 2020, the Group had cash and bank balances of approximately RMB2.2 million (31 March 2020: approximately RMB4.1 million). The Group had no outstanding bank overdraft as at 30 June 2020 (31 March 2020: Nil).

The Group financed its operations by internally generated cash flow and borrowings.

DISCLOSEABLE AND CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF THE REMAINING 40% EQUITY INTEREST IN TIANJIN HENGQING AND ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

THE ACQUISITION

On 20 December 2019 (after trading hours), the Company and 天津市新慶光伏科技有限公司 (Tianjin Xinqing Solar Photovoltaic Technology Company Limited*) ("Vendor") entered into the Equity Interest Transfer Agreement ("Equity Interest Transfer Agreement"). Pursuant to the Equity Interest Transfer Agreement (as supplemented), the Company has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the sale shares (representing 40% equity interests in 天津恒慶光伏科技有限公司 (Tianjin Hengqing Photovoltaic Technology Limited*) ("Tianjin Hengqing") ("Sale Shares")) at a consideration of RMB26,500,000 ("Acquisition"). Tianjin Hengqing is the legal and beneficial owner of the entire equity interests in 西藏立能光伏科技有限公司 (Xizang Lineng Solar Photovoltaic Technology Company Limited*) ("Xizang Lineng"). Upon completion, the Sale Shares was transferred from the Vendor to Million Keen Limited ("Million Keen"), a company incorporated in the BVI and a wholly-owned subsidiary of the Company, as the designated holder of the Sale Shares of the Company. The consideration for the Acquisition ("Consideration") was satisfied by the allotment and issue of 295,472,031 ordinary shares of the Company ("Consideration Shares") at HK\$0.1 per Consideration Share ("Issue Price") to the Vendor (or its nominee(s)) within a reasonable period of time after date on which the new business license of Tianjin Hengqing as a wholly foreign owned enterprise is issued.

GEM LISTING RULES IMPLICATIONS

As at 20 December 2019, Tianjin Hengqing is an indirect 60%-owned subsidiary of the Company, and the remaining 40% equity interests in Tianjin Hengqing is held by the Vendor. Therefore, the Vendor is a substantial shareholder of Tianjin Hengqing and a connected person of the Company at the subsidiary level under Chapter 20 of the GEM Listing Rules. As (i) the board of Directors has approved the Acquisition; and (ii) the independent non-executive Directors have confirmed that the terms of the Acquisition are fair and reasonable, the transaction is on normal commercial terms or better and in the interests of the Company and the Shareholders as a whole, the Acquisition is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Rule 20.99 of the GEM Listing Rules. As the Vendor is a connected person to the Company, the issue of Consideration Shares of the Company to it will be subject to the announcement, reporting and shareholders' approval requirements unless otherwise exempted under Chapter 20 of the GEM Listing Rules.

Further, as one or more of the applicable percentage ratio(s) in respect of the Acquisition exceed 5% but none of the ratios exceeds 25%, the Acquisition also constitutes a discloseable transaction for the Company and is subject to announcement requirement under Chapter 19 of the GEM Listing Rules.

The extraordinary general meeting ("EGM") was convened on 17 February 2020 for the independent shareholders of the Company to consider and, if thought fit, approve the specific mandate for the allotment and issue of the Consideration Shares. Given that none of the shareholders has a material interest in the Acquisition and the Equity Interest Transfer Agreement, none of them would be required to abstain from voting in the EGM. The Independent board committee ("Independent Board Committee") comprising all independent non-executive directors, namely Ms. Ma Xingqin, Mr. Meng Xianglin and Mr. Dong Guangwu, has been established to advise the independent shareholders on matters in relation to the issue of the Consideration Shares pursuant to the specific mandate. Giraffe Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the independent shareholders on the issue of the Consideration Shares pursuant to the Specific Mandate.

COMPLETION OF ISSUE OF CONSIDERATION SHARES UNDER SPECIFIC MANDATE

On 8 April 2020, the Board announced that all the conditions precedent under the Equity Interest Transfer Agreement have been fulfilled and Completion has taken place in accordance with the terms of the Equity Interest Transfer Agreement, and the allotment and issue of Consideration Shares has also been completed on 8 April 2020.

A total of 295,472,031 Shares (being the Consideration Shares) were allotted and issued by the Company to the Vendor's nominee, Li Xiaoyan* (李曉豔) ("Ms. Li") at the Issue Price of HK\$0.10 per Consideration Share. The Consideration Shares represent (i) approximately 16.10% of the issued Shares immediately before completion of the allotment and issue of the Consideration Shares and (ii) approximately 13.87% of the enlarged issued Shares immediately after the allotment and issue of the Consideration Shares. As a result, Ms. Li holds 295,472,031 Shares, representing approximately 13.87% of the enlarged issued Shares as at 8 April 2020 immediately after the allotment and issue of the Consideration Shares and has become a substantial shareholder (as defined in the GEM Listing Rules) of the Company.

Upon Completion, each of Tianjin Hengqing and Xizang Lineng has become an indirect wholly-owned subsidiary of the Company, and the financial results of Tianjin Hengqing and Xizang Lineng will remain consolidated into the consolidated financial statements of the Group.

Please refer to the announcements of the Company dated 20 December 2019, 30 December 2019, 15 January 2020 and 8 April 2020 and the circular of the Company dated 23 January 2020, for further details relating to the discloseable and connected transaction in relation to the acquisition of the remaining 40% equity interest in Tianjin Hengqing and issue of Consideration Shares under the specific mandate.

SALES OF TOWERS FOR WIND TURBINES AND SOLAR POWER RELATED PRODUCTS

On 9 April 2020, each of Xizang Lineng and Shaanxi Baike has entered into a supply contract with a PRC state-owned entity, the purchaser, pursuant to which each of Xizang Lineng and Shaanxi Baike agreed to (i) sell and the purchaser agreed to purchase towers for wind turbines and (ii) provide to the purchaser technical services associated with the wind power projects for which the towers for wind turbines will be used, at a consideration (subject to adjustments in accordance with the respective supply contract) of RMB189.6 million and RMB60.0 million, respectively. The transactions and matters contemplated thereunder are expected to be completed by 31 March 2021. Please refer to the announcement of the Company dated 9 April 2020 for further details.

On 8 May 2020, Xizang Lineng entered into a supply contract with a PRC state-owned entity, the purchaser, pursuant to which Xizang Lineng agreed to sell and the purchaser agreed to purchase mounting required under construction project of a solar photovoltaic power station at a consideration of approximately RMB65.8 million. The transaction and matters contemplated thereunder are expected to be completed by 31 March 2021. Please refer to the announcement of the Company dated 8 May 2020 for further details.

EVENTS OCCURRED AFTER THE PERIOD UNDER REVIEW

(1) CONNECTED TRANSACTION IN RELATION TO LOAN CAPITALISATION; AND (2) PROPOSED ISSUE OF NEW SHARES UNDER SPECIFIC MANDATES

THE LOAN CAPITALISATION

On 3 July 2020 (after trading hours), the Company entered into a subscription agreement with each of Mr. Tse Man Kit Keith ("**Mr. Tse**"), an executive Director ("**Mr. Tse Subscription Agreement**") and with Mr. Huang Yuan Ming ("**Mr. Huang**"), the son of Mr. Huang Bo (a substantial shareholder of the Company) ("**Mr. Huang Subscription Agreement**"), respectively, pursuant to which the Company has conditionally agreed to allot and issue, and each of Mr. Tse and Mr. Huang has conditionally agreed to subscribe for 12,587,857 new shares of the Company ("**Mr. Tse Subscription Shares**") and 98,994,980 new shares of the Company ("**Mr. Huang Subscription Shares**", together with Mr. Tse Subscription Shares, "**Subscription Shares**"), respectively, at the subscription price of HK\$0.1 per share ("**Subscription Price**"). The subscription amount payable by Mr. Tse under Mr. Tse Subscription Agreement shall be satisfied by capitalising the amount owed by the Group to Mr. Tse of approximately HK\$1,225,817 ("**Mr. Tse Indebted Amount**"), and the subscription amount payable by Mr. Huang under Mr. Huang Subscription Agreement shall be satisfied by capitalising the amount owed by the Group to Mr. Huang of approximately HK\$9,624,859 ("**Mr. Huang Indebted Amount**"). Upon completion of the above, the Company shall save the interest expenses of approximately HK\$988,284 for the following year immediately after the completion, which will further improve the profitability of the Company.

The Subscription Shares represent (i) approximately 5.24% of the existing issued share capital of the Company as at 3 July 2020; and (ii) approximately 4.98% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

ISSUE OF NEW SHARES UNDER SPECIFIC MANDATES

The Subscription Shares will be issued by the Company under specific mandates (“**Specific Mandates**”) proposed to be sought from the shareholders of the Company or independent shareholders of the Company (as the case may be) at the extraordinary general meeting to be held on 14 August 2020 (“**EGM**”). An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

GEM LISTING RULES IMPLICATIONS

Mr. Tse is an executive Director and therefore, Mr. Tse is a connected person of the Company under Chapter 20 of the GEM Listing Rules. Accordingly, the loan capitalisation for Mr. Tse constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, and is subject to the reporting, announcement, circular and independent shareholders’ approval requirements.

As at 3 July 2020, Mr. Huang is interested in 80,000,000 Shares, representing approximately 3.75% of the total issued share capital of the Company. Mr. Huang is also the son of Mr. Huang Bo, a substantial Shareholder of the Company. As at 3 July 2020, Mr. Huang Bo is interested in 434,129,674 Shares, representing approximately 20.37% of the total issued share capital of the Company. Accordingly, Mr. Huang is an associate of a connected person of the Company under Chapter 20 of the GEM Listing Rules. Therefore, the loan capitalisation for Mr. Huang constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules, and is subject to the reporting, announcement, circular and independent shareholders’ approval requirements.

Given that Mr. Huang Bo and Mr. Huang have a material interest in the loan capitalisation for Mr. Huang, Mr. Huang Bo and Mr. Huang are therefore required to abstain from voting on the relevant resolution(s) to be proposed at the EGM to approve Mr. Huang Subscription Agreement and the transactions contemplated thereunder (including the allotment and issue of Mr. Huang Subscription Shares under the specific mandate). Mr. Tse, being the executive Director, had abstained from voting on the Board resolution(s) for approving Mr. Tse Subscription Agreement and the transactions contemplated thereunder.

An independent committee of the Board (“**Independent Board Committee**”), comprising all the independent non-executive Directors, has been established to advise independent shareholders (taking into account the recommendation of the independent financial adviser as to whether the terms of each of the Subscription Agreements and the transactions contemplated thereunder are (i) fair and reasonable, (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group and (iii) in the interests of the Company and its shareholders as a whole and how to vote on each of the Subscription Agreements and the transactions contemplated thereunder. Giraffe Capital Limited has been appointed by the Company with the approval of the Independent Board Committee as the independent financial adviser to advise the Independent Board Committee and the independent shareholders in this regard.

EGM

The EGM will be convened and held for the purpose of considering and, if thought fit, approving each of the Subscription Agreements and the transactions contemplated thereunder, including the grant of the Specific Mandates for the allotment and issue of the Subscription Shares.

Please refer to the announcement of the Company dated 3 July 2020 and the circular of the Company dated 28 July 2020 for further details.

EXPANSION OF PRINCIPAL BUSINESS ACTIVITIES

During the three months ended 30 June 2020, the Group was principally engaged in (i) sales of solar power related products, (ii) new energy power system integration business, (iii) sales of self-service automatic teller machine systems and printing systems and (iv) provision of hardware and software technical support services in the People's Republic of China.

As disclosed in the Company's announcement dated 9 April 2020 in relation to, among other matters, the sales of towers for wind turbines, the Group entered into two supply contracts pursuant to which the Group agreed to, among other things, sell towers for wind turbines (the "**Transactions**"). The Board believes that the Transactions represent a good opportunity in the renewable energy business that is closely related to the Group's main business in order to tap into other renewable energy areas, diversify the Group's renewable energy portfolios and supplement multi-type energy supply in the long run. The Transactions contributed to an increase in revenue of the Group in the three months ended 30 June 2020.

In order to broaden the source of income and offer better returns to the Shareholders, the Board has resolved that the Company will adopt sales of renewable energy products as one of the principal business activities of the Group. The Directors will continue to seek opportunities in respect of renewable energy products such as wind power related products so as to better utilise the existing resources to maximise returns to the Shareholders, broaden the source of income and improve the financial position of the Group. Please refer to the announcement of the Company dated 3 August 2020 for further details.

BUSINESS PROSPECTS

The Group has been identifying and exploring other business opportunities so as to diversify the Group's business into the wind power generation projects with growth potential and to broaden its sources of income to bring return to the Group and its shareholders.

On 9 April 2020 and 2 May 2020, the Group had entered into three supply contracts with a PRC state-owned entity (the "**Purchaser**") pursuant to which the Group agreed to (i) sell and the Purchaser agreed to purchase towers for wind turbines and provide to the Purchaser technical services associated with the wind power projects for which the towers for wind turbines will be used, at an aggregate consideration of approximately RMB249.6 million; and (ii) sell and the Purchaser agreed to purchase mounting required under a construction project of a solar photovoltaic power station at a consideration of approximately RMB865.8 million. These transactions and matters contemplated thereunder are expected to be completed by 31 March 2021. The Board believes that these transactions represent a good opportunity in the renewable energy business that is closely related to the Group's main business, in order to also tap into other renewable energy areas, diversify the Group's renewable energy portfolios and supplement multi-type energy supply in the long run.

Considering the PRC government's long-term encouragement on distributed photovoltaic power generation, the Group will continue to look for other solar energy generation projects and new energy power system integration services. The Group has been negotiating and securing new contracts for the new energy power system integration business during the period under review.

The Group will finance its future business plans by internally generated cash flow and borrowings.

Leveraging on the prudent and experienced management and the strong and determined workforce of the Group, the Group will strive to maintain and expand its operations further, thus bringing greater returns to its shareholders.

Chiu Tung Ping

Chairman and executive Director

China Technology Industry Group Limited

Hong Kong, 12 August 2020

RESULTS

The board of Directors ("Board") announces the unaudited consolidated results of the Group for the three months ended 30 June 2020 together with comparative unaudited consolidated results of the Group for the corresponding period in 2019 as follows:

	Notes	From 1 April 2020 to 30 June 2020 (unaudited) RMB'000	From 1 April 2019 to 30 June 2019 (unaudited) RMB'000
Revenue	2	86,199	25,758
Cost of sales		(71,318)	(21,793)
Gross profit		14,881	3,965
Other revenue – bank interest income	2	–	3
Other gains and losses		(11)	–
Selling expenses		(630)	(590)
Change in fair value of financial assets at fair value through profit or loss	3	(23)	(301)
Change in fair value of financial derivative liabilities		106	132
Administrative expenses		(2,280)	(5,955)
Finance costs	4	(1,466)	(980)
Profit (Loss) before tax	3	10,577	(3,726)
Income tax expense	5	(1,513)	(341)
Profit (Loss) for the period		9,064	(4,067)
Total comprehensive income (expense) for the period		9,064	(4,067)
Profit (Loss) for the period attributable to:			
Owners of the Company		9,069	(5,501)
Non-controlling interests		(5)	1,434
		9,064	(4,067)
Total comprehensive income (expense) for the period attributable to:			
Owners of the Company		9,069	(5,501)
Non-controlling interests		(5)	1,434
		9,064	(4,067)
Dividend		–	–
Earnings (Loss) per share		RMB cents	RMB cents
– Basic (RMB cents)	6	0.43 cents	(0.30 cents)
– Diluted (RMB cents)	6	0.43 cents	(0.30 cents)

NOTES TO THE UNAUDITED CONSOLIDATED RESULTS

1. BASIS OF PREPARATION

The unaudited consolidated results have been prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKAS") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the GEM Listing Rules.

The unaudited consolidated results have been prepared under the historical cost convention except for certain financial instruments, which are measured at fair values.

The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group's annual financial statements for the year ended 31 March 2020, except for adoption of new and revised HKFRSs and HKAS issued by the Hong Kong Institute of Certified Public Accountants which are effective to the Group for accounting periods beginning on or after 1 April 2020. The adoption of the new HKFRSs and HKAS has no material impact on the Group's results and financial position for the current or prior periods.

The consolidated results of the Group for the three months ended 30 June 2020 are unaudited but have been reviewed by the audit committee of the Board ("Audit Committee").

2. REVENUE AND OTHER REVENUE

During the three months ended 30 June 2020, the Group was principally engaged in (i) sales of solar power related products; (ii) new energy power system integration business; (iii) sales of self-service ATM systems and printing systems; and (iv) provision of hardware and software technical support services in the PRC. The Group was also engaged in sales of wind power related products such as sales of towers for wind turbines during the period under review.

Revenues recognised during the reporting period are as follows:-

	From 1 April 2020 to 30 June 2020 RMB'000	From 1 April 2019 to 30 June 2019 RMB'000
Revenue		
Sales of solar power related products	12,805	25,758
Sales of wind power related products	73,394	–
New energy power system integration business	–	–
Sales of self-service ATM systems and printing systems	–	–
Provision of hardware and software technical support services	–	–
	86,199	25,758
Other revenue		
Bank interest income	–	3
	–	3
Total revenue	86,199	25,761

3. PROFIT (LOSS) BEFORE TAX

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

	1 April 2020 to 30 June 2020 RMB'000	1 April 2019 to 30 June 2019 RMB'000
Cost of inventories	71,318	21,793
Depreciation	270	8
Change in fair value of financial assets at fair value through profit or loss	23	301

4. FINANCE COSTS

	1 April 2020 to 30 June 2020 RMB'000	1 April 2019 to 30 June 2019 RMB'000
Effective interest on convertible bonds	1,161	971
Interest on other loans	265	9
Interest on lease liabilities	40	—
	1,466	980

5. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as there is no assessable profit for the subsidiaries operating in Hong Kong during the three months ended 30 June 2020 (2019: nil).

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Under the Law of the PRC on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the three months ended 30 June 2019 and for the three months ended 30 June 2020, except for certain subsidiaries of the Group in the PRC are under the Western China Development Plan, and were approved to enjoy the preferential tax rate of 15% in accordance with the EIT Law and relevant regulations until 2020.

	1 April 2020 to 30 June 2020 RMB'000	1 April 2019 to 30 June 2019 RMB'000
Current income tax:	—	—
– Hong Kong Profits tax	—	—
– PRC Enterprise Income Tax	1,513	341
Income Tax	1,513	341

6. EARNINGS (LOSS) PER SHARE

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

Profit (Loss) figures are calculated as follows:

	From 1 April 2020 to 30 June 2020 RMB'000	From 1 April 2019 to 30 June 2019 RMB'000
Profit (Loss) Profit (Loss) for the period attributable to the owners of the Company and for the purpose of basic and diluted earnings (loss) per share	9,069	(5,501)
	From 1 April 2020 to 30 June 2020	From 1 April 2019 to 30 June 2019
Number of shares Weighted average number of ordinary shares for the purpose of basic and diluted earnings (loss) per share	2,130,704,881 RMB cents	1,835,232,850 RMB cents
Basic earnings (loss) per share	0.43 cents	(0.30 cents)
Diluted earnings (loss) per share	0.43 cents	(0.30 cents)

Outstanding convertible bonds of the Company are anti-dilutive since their exercise or conversion would result in an (a) increase/decrease in basic earnings (loss) per share for the three months ended 30 June 2020 and 30 June 2019.

QUARTERLY DIVIDEND

The Board does not recommend the payment of quarterly dividend for the three months ended 30 June 2020 (2019: Nil).

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital	Share premium	Reserve arising from reorganisation (Note a)	Exchange reserve	Equity transaction reserve (Note b)	(Accumulated losses)	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2019	153,135	126,912	(20,484)	156	–	(232,392)	27,327	12,634
(Loss) profit for the period	–	–	–	–	–	(5,501)	(5,501)	1,434
Total comprehensive (expense) income for the period	–	–	–	–	–	(5,501)	(5,501)	1,434
At 30 June 2019	153,135	126,912	(20,484)	156	–	(237,893)	21,826	14,068
At 1 April 2020	153,135	126,912	(20,484)	156	823	(251,067)	9,475	(367)
Profit (loss) for the period	–	–	–	–	–	9,069	9,069	(5)
Total comprehensive income (expense) for the period	–	–	–	–	–	9,069	9,069	(5)
Issue of shares pursuant to an equity interest transfer agreement	26,899	(6,621)	–	–	(20,278)	–	–	–
At 30 June 2020	180,034	120,291	(20,484)	156	(19,455)	(241,998)	18,544	(372)
								18,172

Notes:

- a. Reserve arising from reorganisation

The reserve arising from reorganisation of approximately RMB20,484,000 represents the difference between the nominal value of the share capital of subsidiaries acquired and the cost of investments in these subsidiaries incurred by the Company in exchange thereof, and has been debited to the reserve of the Group.

- b. Equity transaction reserve

The equity transaction reserve represents the effect of changes in the Group's ownership interests in existing subsidiaries without losing control and the consideration to be issued for the aforementioned transaction, which would be reclassified to share capital and share premium upon issuance of ordinary shares.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2020, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by Directors as referred to in Rule 5.46 of the GEM Listing Rules.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2020, the following persons or entities, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Number of ordinary shares (Note 1)	Capacity (Note 1)	Approximate percentage of the Company's issued share capital as at 30 June 2020 (Note 2)
Mr. Huang Bo	434,129,674 (L)	Beneficial owner	20.37%
Ms. Li Xiaoyan* (李曉豔女士)	295,472,031 (L)	Beneficial owner	13.87%
Mr. Hou Hsiao Bing	131,140,000 (L)	Beneficial owner (Note 3)	6.15%

* for identification purpose only

Notes:

1. The letter "L" represents long position in the shares or underlying shares of the Company.
2. As at 30 June 2020, the issued share capital of the Company was 2,130,704,881 ordinary shares of HK\$0.1 each.
3. Mr. Hou Hsiao Bing retired as an executive Director with effect from 26 August 2019.

AUDIT COMMITTEE

The Audit Committee was formed on 13 December 2000. The written terms of reference (revised in December 2018) which describe the authority and duties of the Audit Committee were prepared and adopted with reference to "A Guide for Effective Audit Committee" published by the Hong Kong Institute of Certified Public Accountants.

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group's audit. It also reviews the effectiveness of both the external and internal audit and of the risk management and internal control systems of the Group. As at the date of this report, the Audit Committee comprises of three independent non-executive Directors, namely Ms. Ma Xingqin, Mr. Meng Xianglin and Mr. Dong Guangwu. The unaudited consolidated results of the Group for the three months ended 30 June 2020 have been reviewed and approved by the Audit Committee.

DIRECTORS' COMPETING INTEREST OR BUSINESS

During the three months ended 30 June 2020, none of the Directors or their close associates had any interest or business which competes or may compete with the business of the Group.

The Company did not have any controlling shareholder during the three months ended 30 June 2020.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the shares of the Company during the three months ended 30 June 2020.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiry of the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the three months ended 30 June 2020.

On behalf of the Board
China Technology Industry Group Limited
Chiu Tung Ping
Chairman and executive Director

Hong Kong, 12 August 2020

As at the date of this report, the Board comprises of the following Directors:

Executive Directors:

Chiu Tung Ping (Chairman)
Yuen Hing Lan
Hu Xin
Tse Man Kit Keith

Independent non-executive Directors:

Ma Xingqin
Meng Xianglin
Dong Guangwu