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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)

**(1) MAJOR AND CONNECTED TRANSACTION
IN RELATION TO ADVANCEMENT OF LOANS; AND
(2) MAJOR TRANSACTION IN RELATION TO LAND ACQUISITION**

THE LOANS

On 27 June 2022, each of Xizang Lineng and Shaanxi Baike entered into the Loan Agreements with Zhangbei Zhihui Energy. According to the Loan Agreements, Xizang Lineng and Shaanxi Baike granted Loans of up to RMB7,010,000 and RMB54,000,000 to Zhangbei Zhihui Energy during the Availability Period, respectively. Pursuant to the Loan Agreements, at the dates of the respective Loan Agreements, Zhangbei Zhihui Energy had repaid Xizang Lineng and Shaanxi Baike all outstanding principal amounts and interest.

As at the date of this announcement, Zhangbei Zhihui Energy, being a majority-controlled company held indirectly by Mr. Huang and Mr. Huang Yuan Ming, is an associate of Mr. Huang. Mr. Huang is a substantial shareholder of the Company. Accordingly, Zhangbei Zhihui Energy is a connected person of the Company under the GEM Listing Rules and the Loans would have constituted connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

Since the Loans were advanced within 12 months of each other, the Loans were required to be aggregated as a series of transactions pursuant to Rules 19.22 and 20.79 of the GEM Listing Rules. As the highest applicable percentage ratio of the Loans (on an aggregated basis) exceeds 25% but is below 100%, the Loans would have constituted non-exempt connected transactions of the Company and would have been subject to the reporting, announcement, circular, and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

In light of the above, the Loans (on an aggregated basis) would have also constituted major transactions on the part of the Company and would have been subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As the amount of the Loans (on an aggregated basis) exceeds 8% based on the assets ratio as defined in Rule 17.15 of the GEM Listing Rules, the Loans would have also been subject to the general disclosure obligation of Rule 17.17 of the GEM Listing Rules.

THE LAND ACQUISITION

The Board wishes to announce that, on 8 April 2022, the Company had, through Hebei Zhonghua, an indirectly wholly-owned subsidiary of the Company, won a bid at the Auction (by tender) for the Land Acquisition at a consideration of RMB17,000,000. Hebei Zhonghua entered into a confirmation letter with the Vendor on 8 April 2022 and entered into a land use rights transfer agreement with the Vendor in respect of the Land Acquisition on 15 April 2022.

As the highest applicable percentage ratio of the Land Acquisition exceeds 25% but is below 100%, the Land Acquisition would have constituted a major transaction on the part of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Loan Agreements and the Loans.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreements and the Loans.

EGM

The Independent Shareholders will consider and, if thought fit, ratify the Loans and the Land Acquisition at the EGM. Each of Mr. Huang and Mr. Huang Yuan Ming, and his associates, will abstain from voting on the resolution to ratify the Loans at the EGM.

A circular containing, among other things, (i) further details of the Loan Agreements and the Loans, and the Land Acquisition Agreement and the Land Acquisition; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; and (iv) a notice of EGM, will be despatched to the shareholders of the Company pursuant to the requirements under the GEM Listing Rules as soon as practicable, which is expected to be on or before 5 August 2022, as additional time is required for the Company to prepare and finalise relevant information for inclusion in the circular.

THE LOANS

On 27 June 2022, each of Xizang Lineng and Shaanxi Baike entered into the Loan Agreements with Zhangbei Zhihui Energy. The principal terms of the Loan Agreements are as follows:

Date:	27 June 2022 (after trading hours of the Stock Exchange)
Parties:	(1) Xizang Lineng (as the lender under the Xizang Lineng Loan) (2) Shaanxi Baike (as the lender under the Shaanxi Baike Loan) (3) Zhangbei Zhihui Energy (as the borrower under the Loans)
Loans:	unsecured loans in the principal amounts of up to RMB7,010,000 (in the case of the Xizang Lineng Loan) and RMB54,000,000 (in the case of the Shaanxi Baike Loan), in one or multiple drawdown(s) during the respective Availability Period
Actual principal amount advanced:	RMB7,010,000 (in the case of the Xizang Lineng Loan) and RMB53,695,644 (in the case of the Shaanxi Baike Loan)
Availability Period:	13 August 2021 to 30 June 2022 (in the case of the Xizang Lineng Loan) and 29 September 2021 to 30 June 2022 (in the case of the Shaanxi Baike Loan)

Interest: the Company is entitled to Loan interest at the 1-year loan prime rate issued by the National Interbank Funding Centre accruing from the respective dates of the first drawdown of the Loans up to the date of the respective repayment of the principal of the Loans

Repayment: Zhangbei Zhihui Energy shall repay each drawdown in full, together with accrued interest and any other amount owing in respect of such drawdown no later than the end of the respective Availability Period. Any amount repaid will not be available for drawdown by Zhangbei Zhihui Energy.

The principal amounts of Xizang Lineng Loan and Shaanxi Baike Loan were repaid in full on 15 December 2021 and 30 March 2022, respectively. The interest under the Loans have been repaid in full as at the date of this Announcement.

Pursuant to the Loan Agreements, at the dates of the respective Loan Agreements, Zhangbei Zhihui Energy had repaid Xizang Lineng and Shaanxi Baike all outstanding principal amounts and interest.

Reasons for and benefits of the Loans

In the past, Zhangbei Zhihui Energy had also provided the Company with short-term loan advances for its short term working capital needs. As at 31 March 2020 and 31 March 2021, the amounts of short-term loan advances provided by Zhangbei Zhihui Energy in favour of the Company were RMB36,950,000 and RMB24,024,000, respectively.

The Loans were granted by the Group to Zhangbei Zhihui Energy at the request of Zhangbei Zhihui Energy, due to its temporary need for short-term working capital especially under the then COVID-19 pandemic situation. During the Availability Period, there had been repayments made by Zhangbei Zhihui Energy and/or its designated parties from time to time depending on their working capital position, and the entire actual principal amounts and interest of the Loans had been repaid by Zhangbei Zhihui Energy before the end of the relevant Availability Period. Furthermore, the interest rates charged on the Loans were based on national benchmarks in the PRC, and thus on normal commercial terms.

Based on the above, the Directors (save for the independent non-executive Directors whose views shall be set out in the circular) believe that the terms and conditions of the Loan Agreements are on normal commercial terms and are fair and reasonable and that the Loan Agreements are in the interests of the Company and its shareholders as a whole.

Information on the parties

Xizang Lineng is a company incorporated under the laws of the PRC, and an indirectly wholly-owned subsidiary of the Company. Xizang Lineng is principally engaged in the sales of solar power and wind power related products in the PRC.

Shaanxi Baike is a company incorporated under the laws of the PRC, and an indirectly wholly-owned subsidiary of the Company. Shaanxi Baike is principally engaged in (i) sales of renewable energy products; and (ii) new energy power system integration business, in the PRC.

Zhangbei Zhihui Energy is a limited liability company established in the PRC and is principally engaged in the construction, establishment, design, operation and consultation of solar power plant projects and other business relating to renewable energy. Zhangbei Zhihui Energy is owned indirectly by Mr. Huang and Mr. Huang Yuan Ming as to approximately 51% and 40%, respectively.

GEM Listing Rules implications of the Loans

As at the date of this announcement, Zhangbei Zhihui Energy, being a majority-controlled company held indirectly by Mr. Huang and Mr. Huang Yuan Ming, is an associate of Mr. Huang. Mr. Huang is a substantial shareholder of the Company. Accordingly, Zhangbei Zhihui Energy is a connected person of the Company under the GEM Listing Rules and the Loans would have constituted connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

Since the Loans were advanced within 12 months of each other, the Loans were required to be aggregated as a series of transactions pursuant to Rules 19.22 and 20.79 of the GEM Listing Rules. As the highest applicable percentage ratio of the Loans (on an aggregated basis) exceeds 25% but is below 100%, the Loans would have constituted non-exempt connected transactions of the Company and would have been subject to the reporting, announcement, circular, and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

In light of the above, the Loans (on an aggregated basis) would have also constituted major transactions on the part of the Company and would have been subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As the amount of the Loans (on an aggregated basis) exceeds 8% based on the assets ratio as defined in Rule 17.15 of the GEM Listing Rules, the Loans would have also been subject to the general disclosure obligation of Rule 17.17 of the GEM Listing Rules.

THE LAND ACQUISITION

The Board wishes to announce that, on 8 April 2022, the Company had, through Hebei Zhonghua, an indirectly wholly-owned subsidiary of the Company, won a bid at the Auction (by tender) for the Land Acquisition at a consideration of RMB17,000,000. Hebei Zhonghua entered into a confirmation letter with the Vendor on 8 April 2022 and entered into a land use rights transfer agreement with the Vendor in respect of the Land Acquisition on 15 April 2022.

A principal summary of some of the key terms of the Land Acquisition is set out in the following:

Date of land use rights transfer agreement:	15 April 2022
The Vendor:	Fengning Manchu Autonomous County Natural Resources and Planning Bureau* (豐寧滿族自治縣自然資源和規劃局)
Location of the Land	Land Parcels no. 2022003, near Man Tang Village, Da Ge Town, Fengning Manchu Autonomous County, Chengde City, Hebei Province, the PRC* (中華人民共和國河北省承德市豐寧滿族自治縣大閣鎮滿堂村, 宗地編號2022003)
Site area:	37,378.68 m ²
Term of land use rights:	50 years
Land use:	Industrial use

Consideration and payment

The consideration of the Land Acquisition is RMB17,000,000, all of which has been paid on or before 15 May 2022. The payment for the Land Acquisition was settled by the internal resources available to the Group.

The consideration is the price of the final bid made by Hebei Zhonghua at the Auction. As the Auction (by tender) is open to other bidders as well, the Directors consider that the consideration is fair and reasonable having taken into account the location and potential development prospects of the Land.

Information about the parties

Hebei Zhonghua is a company incorporated under the laws of the PRC, and an indirectly wholly-owned subsidiary of the Company. Hebei Zhonghua is principally engaged in (i) manufacturing of solar modules; and (ii) sales of solar power products, in the PRC.

The Company and the Group are principally engaged in (i) sales of renewable energy products; and (ii) new energy power system integration business, in the PRC.

The Vendor is a governmental body established by the PRC government and is responsible for, among other things, organizing the planning on use of land and natural resources.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Reasons and benefits of the Land Acquisition

As disclosed in the announcement of the Company dated 8 April 2022, the Group had previously considered setting up a solar modules production plant in Hebei. To this end, the Group had acquired the Land with the intention of setting up the solar modules production plant thereon. As explained in the announcement of the Company dated 8 April 2022, as the freight and insurance expenses involved in transporting components increase greatly with the distance of transportation, the Company believes that setting up a solar modules production plant near a project location will attract contractors of surrounding projects to purchase the Company's components. Meanwhile, it can also provide a stable supply of goods for the Company's key projects in Hebei, allowing the Company to better maintain quality control over its components, and bring synergy to its existing business. For example, it will have a positive impact on the sales of our existing solar related products, as the Company would be able to offer a more comprehensive suite of solar related products.

Based on the above, the Directors believe that the Land Acquisition is fair and reasonable, and is in the interests of the shareholders of the Company as a whole.

GEM Listing Rules implications of the Land Acquisition

As the highest applicable percentage ratio of the Land Acquisition exceeds 25% but is below 100%, the Land Acquisition would have constituted a major transaction on the part of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed to advise the Independent Shareholders in respect of the Loan Agreements and the Loans.

An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreements and the Loans.

EGM

The Independent Shareholders will consider and, if thought fit, ratify the Loans and the Land Acquisition at the EGM. Each of Mr. Huang and Mr. Huang Yuan Ming, and his associates, will abstain from voting on the resolution to ratify the Loans at the EGM.

A circular containing, among other things, (i) further details of the Loan Agreements and the Loans, and the Land Acquisition Agreement and the Land Acquisition; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; and (iv) a notice of EGM, will be despatched to the shareholders of the Company pursuant to the requirements under the GEM Listing Rules as soon as practicable, which is expected to be on or before 5 August 2022, as additional time is required for the Company to prepare and finalise relevant information for inclusion in the circular.

REMEDIAL MEASURES

During the review of the annual results of the Company for the year ended 31 March 2022, the Transactions were identified. It was noted that the Loans would have constituted major transactions, connected transactions and advances to an entity, while the Land Acquisition would have constituted a major transaction, on the part of the Company under the GEM Listing Rules. The Board regrettably admits that the Company had failed to comply with the reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules in respect of the Transactions (the "**Non-Compliances**"), and that such Non-Compliances were due to the oversight of the Company, and can be avoided going forward.

Based upon the Group's internal review of the Non-Compliances in June 2022, it was discovered that the Non-Compliances were due to a lack of understanding by the Group's PRC operational teams that the Transactions were subject to reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules. As such, the Group's PRC operational teams had not informed the Group's GEM Listing Rules compliance team of the Transactions in a timely fashion, and hence the Company did not make timely disclosure of the Transactions.

In order to prevent the occurrence of similar non-compliance incidents in the future and to comply with the requirements under the GEM Listing Rules, the Company has taken the following remedial measures:

1. The Company has reviewed the ledger of its subsidiaries and checked for any transactions that are required to be disclosed under the GEM Listing Rules.
2. The Company has engaged an independent internal control consultant to conduct a scenario analysis on the Non-Compliances and a review on the internal control system and policies of the Group.

3. On the recommendation of the internal control consultant, the Company has adopted a Connected Party Transaction Policy shortly after the Company's discovery of the Non-Compliances. The Connected Party Transaction Policy covers areas including identification of connected parties, approval procedures of connected party transactions, etc. The Connected Party Transaction Policy has been circulated to the Directors and PRC operation team.
4. The Company has circulated the internal memo within the Group for identifying and reporting notifiable transactions. The internal control consultant will assist in preparing internal control policies on notifiable transactions.
5. The Company will seek legal advice and/or other professional advice from time to time as and when it is necessary to ensure proper compliance with the relevant requirements under the GEM Listing Rules.
6. The Company has required major shareholders to declare their most up-to-date connected parties. Furthermore, the Company has performed preliminary checking for any transactions conducted with such connected parties.
7. The Company will arrange for training sessions for all of the Directors and PRC operation team in relation to the relevant GEM Listing Rules.

The Company takes the incident seriously and will strive to avoid the re-occurrence of similar events in the future.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

associate(s)	has the meaning ascribed to it under the GEM Listing Rules
Auction	the auction for the sale of the land use rights of the Land conducted by the Vendor which took place on 8 April 2022
Availability Period	13 August 2021 to 30 June 2022 (in the case of the Xizang Lineng Loan), and 29 September 2021 to 30 June 2022 (in the case of the Shaanxi Baike Loan)

Board	the board of directors of the Company
Company	中國科技產業集團有限公司 (China Technology Industry Group Limited), a company incorporated in the Cayman Islands, the securities of which are listed and traded on the GEM board of the Stock Exchange
connected person	has the meaning ascribed to it under the GEM Listing Rules
controlling shareholder(s)	has the meaning ascribed to it under the GEM Listing Rules
Director(s)	the director(s) of the Company
EGM	an extraordinary general meeting of the Company to be convened and held for the purposes of, among other matters, considering and, if thought fit, ratifying or approving (as the case may be) the Loan Agreements and the transaction contemplated thereunder
family member(s)	has the meaning ascribed to it under the GEM Listing Rules
GEM Listing Rules	Rules Governing the Listing of Securities on GEM of the Stock Exchange
Group	the Company and its subsidiaries from time to time
Hebei Zhonghua	Hebei Zhonghua Energy Equipment Co., Limited* (河北眾鐸能源裝備有限公司), a company incorporated under the laws of the PRC, and an indirectly wholly-owned subsidiary of the Company
Hong Kong	the Hong Kong Special Administrative Region of the PRC
Independent Board Committee	the independent board committee of the Board comprising all independent non-executive Directors to advise the Independent Shareholders in respect of the Loan Agreements and Loans as well as the Land Acquisition Agreement and the Land Acquisition

Independent Shareholders	shareholders of the Company other than Mr. Huang and Mr. Huang Yuan Ming and those who are required to abstain from voting at the EGM under the GEM Listing Rules
Land	Land Parcels no. 2022003, near Man Tang Village, Da Ge Town, Fengning Manchu Autonomous County, Chengde City, Hebei Province, the PRC* (中華人民共和國河北省承德市豐寧滿族自治縣大閣鎮滿堂村，宗地編號2022003)
Land Acquisition	the acquisition of the land use rights in the Land by Hebei Zhonghua
Land Acquisition Agreement	the land acquisition agreement dated 15 April 2022 entered into between Hebei Zhonghua and the Vendor in relation to the sale of the land use rights in the Land
Loan Agreements	the Xizang Lineng Loan Agreement and the Shaanxi Baike Loan Agreement
Loan Interest	the loan interest charged by the Company under the Loan Agreements
Loans	the Xizang Lineng Loan and the Shaanxi Baike Loan
majority-controlled company	has the meaning ascribed to it under the GEM Listing Rules
Mr. Huang	Mr. Huang Bo, being a substantial shareholder of the Company
Mr. Huang Yuan Ming	the son of Mr. Huang
PRC	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
Shaanxi Baike	Shaanxi Baike New Energy Technology Development Co., Ltd.* (陝西百科新能源科技發展有限公司), a company incorporated under the laws of the PRC, and an indirectly wholly-owned subsidiary of the Company

Shaanxi Baike Loan	the loan provided by Shaanxi Baike to Zhangbei Zhihui Energy between 29 September 2021 to 30 June 2022 in the principal amount of up to RMB54,000,000
Shaanxi Baike Loan Agreement	the loan agreement dated 27 June 2022 entered into between Shaanxi Baike and Zhangbei Zhihui Energy in relation to the provision of the Shaanxi Baike Loan
Stock Exchange	The Stock Exchange of Hong Kong Limited
subsidiary/subsidiaries	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
substantial shareholder	has the meaning ascribed to it under the GEM Listing Rules
Transactions	means the Loans and the Land Acquisition, collectively
Vendor	Fengning Manchu Autonomous County Natural Resources and Planning Bureau* (豐寧滿族自治縣自然資源和規劃局)
Xizang Lineng	Xizang Lineng Solar Photovoltaic Technology Company Limited* (西藏立能光伏科技有限公司), a company incorporated under the laws of the PRC, and an indirectly wholly-owned subsidiary of the Company
Xizang Lineng Loan	the loan provided by Xizang Lineng to Zhangbei Zhihui Energy between 13 August 2021 to 30 June 2022 in the principal amount of up to RMB7,010,000
Xizang Lineng Loan Agreement	the loan agreement dated 27 June 2022 entered into between Xizang Lineng and Zhangbei Zhihui Energy in relation to the provision of the Xizang Lineng Loan

Zhangbei Zhihui Energy

Zhangbei Zhihui Energy Internet Demonstration Power Station Co., Ltd.* (張北智慧能源互聯網示範電站有限公司)

%

Percentage

* For identification purpose only

By order of the Board
China Technology Industry Group Limited
Chiu Tung Ping
Chairman

Hong Kong, 27 June 2022

As at the date of this announcement, the Board comprises the following Directors.

Executive Directors:

Chiu Tung Ping (*Chairman*)

Yuen Hing Lan

Hu Xin

Tse Man Kit Keith

Independent non-executive Directors:

Ma Xingqin

Shan Jinlan

Wang Zhuchen

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 announcement 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 announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and on the Company’s website at www.chinatechindgroup.com.