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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)

**DISCLOSEABLE TRANSACTION
IN RELATION TO LICENCE AGREEMENT**

THE LICENCE AGREEMENT

The Board is pleased to announce that on 30 September 2024 (after trading hours), the Licensee, a wholly-owned subsidiary of the Company, entered into the Licence Agreement with the Licensor, pursuant to which the Licensor agreed to licence to the Group the right to use and occupy the roof top of the Licensed Premises for a term commencing from the date of the Licence Agreement and ending on the official end date of Feed-in Tariff Scheme of CLP Power or the end date of the renewed period of such Feed-in Tariff Scheme, whichever is earlier. The Group will primarily use the roof top of the Licensed Premises to install and operate solar panel power generation system and equipment to participate in the Feed-in Tariff Scheme of CLP Power.

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to HKFRS 16, as a result of the entering into of the Licence Agreement, the Group shall recognise the yearly licence fee payable in relation to the Licensed Premises as right-of-use asset in the consolidated financial statements of the Company. Therefore, the entering into of the Licence Agreement and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the GEM Listing Rules. The aggregated estimated value of the right-of-use asset to be recognised by the Company under the Licence Agreement shall amount to approximately HK\$2.68 million, being the present value of the aggregate licence fee payments using the rate applicable at the commencement date of the Licence Agreement in accordance with HKFRS 16. The discount rate of approximately 6.69% per annum is applied to compute the present value of aggregate licence fee payments under the Licence Agreement. The above figure is unaudited and may be subject to adjustment in the future.

As one or more of the applicable percentage ratios in respect of the estimated value of the right-of-use asset to be recognised by the Group under the Licence Agreement exceeds 5% but all applicable percentage ratios are less than 25%, the transaction contemplated under the Licence Agreement constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements but is exempted from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 30 September 2024 (after trading hours), the Licensee, a wholly-owned subsidiary of the Company, entered into the Licence Agreement with the Licensor, pursuant to which the Licensor agreed to licence to the Group the right to use and occupy the roof top of the Licensed Premises for a term commencing from the date of the Licence Agreement and ending on the official end date of Feed-in Tariff Scheme of CLP Power or the end date of the renewed period of such Feed-in Tariff Scheme, whichever is earlier. The Group will primarily use the roof top of the Licensed Premises to install and operate solar panel power generation system and equipment to participate in the Feed-in Tariff Scheme of CLP Power.

THE LICENCE AGREEMENT

The principal terms of the Licence Agreement are set out below:

- Date: 30 September 2024
- Parties: (i) the Licensor (as the tenant and the licensor of the Licensed Premises);
and
(ii) the Licensee (as the licensee of the Licensed Premises)
- Licensed Premises: The roof top of the warehouse located at DD125, Lot 844RP, Tin Shui Wai New Village, Ping Shan, Yuen Long, Hong Kong
- Term: The term of the Licence for a term commencing from the date of the Licence Agreement and ending on the official end date of Feed-in Tariff Scheme of CLP Power or the end date of the renewed period of such Feed-in Tariff Scheme, whichever is earlier.

Licence fee payable: The yearly licence fee during the term of the Licence ranges from HK\$300,000 to HK\$450,000 during the term of the Licence Agreement, with the total Licence fee for the whole duration of the Licence Agreement not exceeding HK\$3,600,000. The yearly licence fee, which shall be pro-rated for any incomplete year, for the first and second year is payable upon CLP Power completes registration of the power meter into the name of the Licensee and the yearly licence fee for the subsequent years is payable by the Licensee to the Licensor within the first week of the anniversary date of the Licence Agreement. If the Licensee fails to pay the yearly licence fee within 30 days after the due date, the Licensee shall pay an overdue fee at the rate of 3% of the yearly licence fee. If the Licensee fails to pay the yearly licence fee within 90 days after the due date, the Licensee shall pay an overdue fee at the rate of 8% of the yearly licence fee.

Use of the Licensed Premises: The root top of the Licensed Premises will be used by the Group to install and operate solar panel power generation system and equipment to participate in the Feed-in Tariff Scheme of CLP Power.

OTHER KEY TERMS OF THE LICENCE AGREEMENT

Undertakings of the Licensor

The Licensor undertakes to the Licensee, among others, to

- (i) allow the Licensee the right of access to jointly use the Licensed Premises, and shall continue to be responsible for and pay all fees, costs and expenses of the Licensed Premises (including but not limited to rates, property tax, government rent, building maintenance costs and land premium) related to the property;
- (ii) pay the monthly electricity bill in cash to the Licensee for actual electricity consumed by the Licensor, on or before the 7th day after the monthly electricity bill is issued; and
- (iii) purchase the entire set of the solar panel power generation system and equipment at the agreed price between the Licensor and the Licensee, ranging from HK\$3,600,000 in the first year to HK\$2,880,000 in the fifth year, if the Licence under the Licence Agreement is early terminated before the expiration of the term of the Licence under the Licence Agreement due to reasons attributable to the Licensor.

INFORMATION OF THE PARTIES

The Company, the Group and the Licensee

The Company is an investment holding company. The Group is principally engaged in (i) sales of renewable energy products; and (ii) new energy power system integration business, in the PRC. The Licensee is a wholly-owned subsidiary of the Company incorporated under the laws of Hong Kong and is principally engaged in the business of operation of solar power plants.

The Licensor

The Licensor is the existing tenant of the Licensed Property and is primarily engaged in property leasing business. The Licensor is a company incorporated under the laws of Hong Kong and is ultimately owned by two individuals both being residents of Hong Kong as to 66.67% and 33.33%, respectively. To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Licensor and its ultimate beneficial owner(s) are Independent Third Parties.

REASONS AND BENEFITS OF THE LICENCE AGREEMENT

The Group intends to install and operate solar panel power generation system and equipment on the roof top of the Licensed Premises to participate in the Feed-in Tariff Scheme of CLP Power with a view of selling the renewable energy generated to CLP Power. By entering into the Licence Agreement, the Group will be able to access and use the Licensed Premises currently leased and occupied by the Licensor as its warehouse for the abovementioned purposes.

The Directors (including all the independent non-executive Directors) consider that the Licence Agreement, its terms and the transactions contemplated thereunder (including, among other things, the maximum total amount payable for the licence fees under the Licence Agreement) are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

Pursuant to HKFRS 16, as a result of the entering into of the Licence Agreement, the Group shall recognise the yearly licence fee payable in relation to the Licensed Premises as right-of-use asset in the consolidated financial statements of the Company. Therefore, the entering into of the Licence Agreement and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the GEM Listing Rules. The aggregated estimated value of the right-of-use asset to be recognised by the Company under the Licence Agreement shall amount to approximately HK\$2.68 million, being the present value of the aggregate licence fee payments using the rate applicable at the commencement date of the Licence Agreement in accordance with HKFRS 16. The discount rate of approximately 6.69% per annum is applied to compute the present value of aggregate licence fee payments under the Licence Agreement. The above figure is unaudited and may be subject to adjustment in the future.

As one or more of the applicable percentage ratios in respect of the estimated value of the right-of-use asset to be recognised by the Group under the Licence Agreement exceeds 5% but all applicable percentage ratios are less than 25%, the transaction contemplated under the Licence Agreement constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements but is exempted from the circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meaning:

“Board”	the board of Directors
“CLP Power “	CLP Power Hong Kong Limited, being one of the power companies in Hong Kong, and an Independent Third Party
“Company”	China Technology Industry Group Limited, an exempted company incorporated in the Cayman Islands with limited liabilities, the Shares of which are listed on GEM of the Stock Exchange (Stock Code: 8111)
“Connected Person(s)”	has the meaning ascribed to it under GEM Listing Rules
“Directors”	the directors of the Company

“Feed-in Tariff Scheme”	the new initiative between the Hong Kong Government with two power companies to promote the development of renewable energy pursuant to which people who install solar or wind energy generation systems at their premises can charge the power companies at a rate higher than the normal electricity tariff rate
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“Group”	collectively, the Company and its subsidiaries from time to time
“HK\$”	Hong Kong Dollar, the lawful currency of Hong Kong
“HKFRS 16”	Hong Kong Financial Reporting Standard 16 “Leases” issued by the Hong Kong Institute of Certified Public Accountants
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner, to the best of the Directors’ knowledge, information and belief having made all reasonable enquires, is/are not connected persons of the Company and is/are third party independent of the Company and its connected persons in accordance with the GEM Listing Rules
“Licence”	the licence granted by Licensor to the Licensee under the Licence Agreement to use and occupy the Licensed Premises for a term commencing from the date CLP Power completes installation of power meter and ending on the official end date of Feed-in Tariff Scheme of CLP Power or the end date of the renewed period of such Feed-in Tariff Scheme, whichever is earlier
“Licence Agreement”	the agreement dated 30 September 2024 entered into between the Licensor and the Licensee in relation to the Licence
“Licensed Premises”	the warehouse located at DD125, Lot 844RP, Tin Shui Wai New Village, Ping Shan, Yuen Long, Hong Kong
“Licensee”	China Technology Industry Investment Limited, a company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Company, being the licensee of the Licensed Premises

“Licensor”	a private limited company incorporated under the laws of Hong Kong and an Independent Third Party, being the existing tenant and licensor of the Licensed Premises
“PRC”	the People’s Republic of China, which for the purpose of this announcement and for geographical reference only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Shareholder(s)”	holder(s) of the ordinary shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By Order of the Board
China Technology Industry Group Limited
Huang Bo
Chairman

Hong Kong, 30 September 2024

As at the date of this announcement, the Board comprises five Executive Directors, namely Mr. Huang Bo (Chairman), Mr. Huang Yuanming, Ms. Zhang Jinhua, Mr. Tse Man Kit, Keith and Ms. Hu Xin and three Independent Non-Executive Directors, namely Mr. Cheung Ting Kin, Ms. Ma Xingqin and Mr. Qiao Wencai.

This announcement, for which the Directors 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 of Hong Kong Limited 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 document misleading.

This announcement will remain on the “Latest Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for at least seven days from the date of its publication and on the Company’s website at www.chinatechindgroup.com.