
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Technology Industry Group Limited (“Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser, the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE EPC CONTRACT AND NOTICE OF EGM

Capitalised terms used in this cover shall have the same meanings as defined in this circular.

A letter from the Board is set out on pages 5 to 13 of this circular.

A notice convening the EGM to be held at Building A21, No. 108 Beiyuan Road, Chaoyang District, Beijing, the People’s Republic of China on Friday, 13 September 2024 at 11:00 a.m. (Hong Kong time) is set out on pages EGM-1 to EGM-3 of this circular. Whether or not you are able to attend and/or vote at the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 11:00 a.m. (Hong Kong time) on 11 September 2024 or not later than 48 hours before the time appointed for any adjourned meeting of the EGM. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish and, in such event, the form of proxy previously submitted shall be deemed to be revoked.

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

23 August 2024

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

CONTENTS

	Page
Definitions	4
Letter from the Board	5
Letter from the Independent Board Committee	14
Letter from the Independent Financial Adviser	16
Appendix I – Financial Information relating to the Group	I-1
Appendix II – General Information	II-1
Notice of EGM	EGM-1

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“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 GEM
“Completion”	the completion of the Works as provided under the EPC Contract
“Completion and Inspection Application”	an application to the Supervisor to notify the Supervisor that the Works have been completed
“Contract Price”	the consideration of the EPC Contract, being RMB180,000,000 (inclusive of 10% tax), subject to a 5% reduction of Quality Assurance Fund
“Cooperation Agreement”	the cooperation agreement dated 22 September 2023 entered into between Sanmenxia Baike and the Project Partner in respect of the construction of the Power Plants, and the supply of the electricity generated therefrom to the Project Partner
“Director(s)”	the directors 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, approving or ratifying (as the case may be) the EPC Contract
“Energy Storage Power Plant”	a user-side energy storage power plant with a capacity of 66.8MW/267.34MWh, as referred to under the Voluntary Announcement
“EPC Contract”	the contract dated 21 June 2024 entered into between Sanmenxia Baike and Hebei Han Neng in respect of the Works
“EPC Contract Announcement”	the announcement of the Company dated 21 June 2024 in relation to the EPC Contract
“GEM”	GEM of the Stock Exchange

DEFINITIONS

“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 Han Neng”	河北漢能售電有限公司, a company incorporated under the laws of the PRC and (i) indirectly held as to 60% by Mr. Huang Yuanming, (ii) indirectly held as to 15% by Mr. Huang Ming, (iii) indirectly held as to 22.5% by Ms. Zhang Jinhua, an executive Director, and (iv) indirectly held as to 2.5% by a relative (as defined under the GEM Listing Rules) of Ms. Zhang Jinhua
“Henan Energy Storage Power Plant”	an Energy Storage Power Plant with a capacity of 30MW/180MWh in the Industrial Agglomeration Area of Sanmenxia in Henan Province* (河南省三門峽市產業集聚區) of the PRC
“HK\$”	Hong Kong dollars, being the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“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 EPC Contract
“Independent Financial Adviser”	VBG Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under SFO, being the independent financial adviser appointed by the Board to advise the Independent Board Committee and the Independent Shareholders in respect of the EPC Contract
“Independent Shareholder(s)”	shareholder(s) of the Company who are independent and have no interest in the EPC Contract
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, is/are not connected with the Company and its connected persons (as defined in the GEM Listing Rules)

DEFINITIONS

“Latest Practicable Date”	19 August 2024, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Mr. Huang”	Mr. Huang Bo, being an executive Director and a substantial shareholder of the Company
“Mr. Huang Ming”	the brother of Mr. Huang
“Mr. Huang Yuanming”	Mr. Huang Yuanming, being an executive Director and the son of Mr. Huang
“MW”	megawatt(s)
“MWh”	megawatt-hour(s)
“Photovoltaic Power Plant”	a distributed photovoltaic power plant with a potential capacity of 12MW, as referred to under the Voluntary Announcement
“Power Plants”	collectively, the Energy Storage Power Plant, the Photovoltaic Power Plant and the Wind Power Plant
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Project Partner”	the project partner of Sanmenxia Baike under the Cooperation Agreement dated 22 September 2023, as referred to under the Voluntary Announcement
“Quality Assurance Fund”	a sum representing 5% of the Contract Price (being RMB9,000,000), which shall be retained by Sanmenxia Baike and will only be paid to Hebei Han Neng after the expiration of a 24-month warranty period after the Completion
“RMB”	Renminbi, the lawful currency of the PRC
“Sanmenxia Baike”	Sanmenxia Baike New Energy Co., Ltd.* (三門峽百科新能源有限公司), a company incorporated under the laws of the PRC, and an indirectly wholly-owned subsidiary of the Company

DEFINITIONS

“Share(s)”	the ordinary share(s) of HK\$0.001 each in the share capital of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Option Scheme”	the share option scheme adopted by the Company which became effective on 26 August 2014, with details set out in the circular of the Company dated 21 July 2014
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor”	the supervisor of the Works as appointed under the EPC Contract
“Voluntary Announcement”	the voluntary announcement of the Company dated 22 September 2023 in relation to the Cooperation Agreement entered into between Sanmenxia Baike and the Project Partner
“Wind Power Plant”	a wind power plant with a maximum capacity of 200MW (with the actual capacity being subject to regulatory approval), as referred to under the Voluntary Announcement
“Work(s)”	all the works, services, performances that Hebei Han Neng shall perform, provide and deliver under the EPC Contract, including but not limited to the construction of the Henan Energy Storage Power Plant and other similar and incidental obligations of Hebei Han Neng under the EPC Contract
“%”	percentage

* *For identification purpose only*

LETTER FROM THE BOARD



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)

Executive Directors:

Huang Bo (*Chairman*)
Huang Yuanming
Zhang Jinhua
Tse Man Kit Keith
Hu Xin

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent non-executive Directors:

Cheung Ting Kin
Ma Xingqin
Qiao Wencai

Principal place of business in Hong Kong:

Suite 704, 7th Floor,
Ocean Centre,
Harbour City,
Kowloon,
Hong Kong

23 August 2024

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE EPC CONTRACT AND NOTICE OF EGM

INTRODUCTION

Reference is made to the Voluntary Announcement and the EPC Contract Announcement. As disclosed in the Voluntary Announcement, on 22 September 2023 Sanmenxia Baike and the Project Partner entered into the Cooperation Agreement pursuant to which, among other things, Sanmenxia Baike shall construct on idle land the Power Plants (including an Energy Storage Power Plant), and shall supply the electricity generated from the Power Plants (including said Energy Storage Power Plant) to the Project Partner, in exchange for electricity fees payable by the Project Partner. The electricity fees payable by the Project Partner will be recognised as revenue for the Group.

LETTER FROM THE BOARD

Since the date of the Voluntary Announcement, the Group has received the requisite approvals from the PRC authorities for the construction of the Power Plants. As such, as disclosed in the EPC Contract Announcement, on 21 June 2024 (after trading hours), Sanmenxia Baike entered into the EPC Contract with Hebei Han Neng in relation to, among other things, the construction of the Henan Energy Storage Power Plant. The Henan Energy Storage Power Plant will be one of the Power Plants used to generate and supply electricity to the Project Partner.

The purpose of this circular is to provide Shareholders with, among other things, (i) details of the EPC Contract; (ii) the recommendations from the Independent Board Committee in relation to the EPC Contract; (iii) the advice from the Independent Financial Adviser in relation to the EPC Contract; and (iv) a notice of the EGM to be convened for the purpose of considering and approving the EPC Contract.

PRINCIPAL TERMS OF THE EPC CONTRACT

The principal terms of the EPC Contract are set out below:

Date:	21 June 2024 (after trading hours)
Parties:	1. Sanmenxia Baike (as the principal); and 2. Hebei Han Neng (as the EPC contractor)
Subject matter:	Pursuant to the EPC Contract, Hebei Han Neng shall be responsible as the EPC contractor for the Works, including the construction of Henan Energy Storage Power Plant.
Contract Price and payment terms:	The total Contract Price is in the amount of RMB180,000,000 (inclusive of 10% tax).

The Contract Price is payable in the following stages:

Stage of Completion	Contract Price payable
Completion of the Works and connection of the Henan Energy Storage Power Plant with the national power grid	RMB153,000,000
Completion of the Works and connection of the Henan Energy Storage Power Plant with the national power grid for not less than three months	RMB18,000,000
the Quality Assurance Fund shall be retained by Sanmenxia Baike and will only be paid to Hebei Han Neng after the expiration of a 24-month warranty period after the Completion.	RMB9,000,000

LETTER FROM THE BOARD

Under the terms of the EPC Contract, Sanmenxia Baike may satisfy the Contract Price either through (at its sole and absolute discretion) (i) bank borrowings, and/or (ii) Sanmenxia Baike paying to Hebei Han Neng 80% of the gross profits generated from the Henan Energy Storage Power Plant beginning from the point in time at which the Henan Energy Storage Power Plant is connected with the national power grid and until the entire Contract Price is settled (subject to the Quality Assurance Fund).

Condition precedent:

The EPC Contract is conditional upon:

- (1) an ordinary resolution approving the EPC Contract being passed at the EGM (exclusive of the Shareholders who are required to abstain from voting under the GEM Listing Rules and other applicable laws and regulations);
- (2) Sanmenxia Baike having obtained all the approvals required for the signing the EPC Contract including the Henan Province Certificate of Project Registration (河南省企業投資項目備案證明) issued by the Administrative Approvals Bureau of the Sanmenxia City Urban-rural Integration Demonstration Zone; and
- (3) Hebei Han Neng having obtained all the approvals required for signing the EPC Contract.

As at the Latest Practicable Date, conditions precedent numbers (2) and (3) above have been satisfied. Condition precedent number (1) above has not yet been satisfied, and cannot be waived under the EPC Contract.

In the event that any of the conditions set out above have not been fulfilled by 4 pm (Hong Kong time) on 14 September 2024 (or such later date as may be mutually agreed in writing between Sanmenxia Baike and Hebei Han Neng), the EPC Contract shall be terminated, save in respect of any claims arising out of any antecedent breach of the EPC Contract.

LETTER FROM THE BOARD

Commencement date: The commencement dates for the construction works and installation works under the EPC Contract are as follows:

- (1) construction works: 15 September 2024
- (2) installation works: 25 October 2024

Completion date: The completion dates for the construction works and installation works under the EPC Contract are as follows:

- (1) construction works: 30 November 2024
- (2) installation works: 30 December 2024

Completion of the Works: (1) Hebei Han Neng may submit a Completion and Inspection Application to the Supervisor if the following conditions have been met:

- i. all the Works, including all testing, trial operation, inspection and acceptance procedures within the scope of the EPC Contract, have been completed in accordance with the requirements under the EPC Contract, save for any outstanding and defect rectification works that will be completed during a two-year defect liability period, as agreed by the Supervisor;
- ii. the documentation for Completion has been prepared in accordance with the terms and amount set out in the EPC Contract;
- iii. a list of outstanding and defect rectification works, and their respective construction plans, have been prepared in accordance with the Supervisor's requirements;
- iv. other Works that the Supervisor has required to be completed by Hebei Han Neng before the Completion and Inspection Application have been completed; and
- v. the list of information requested by the Supervisor as part of a Completion and Inspection Application, has been provided to the Supervisor.

LETTER FROM THE BOARD

- (2) Provided that the Supervisor has confirmed that the conditions set out in paragraph (1) have been met, the Supervisor shall invite Sanmenxia Baike to inspect the Works within 28 days after the Supervisor has received the Completion and Inspection Application from Hebei Han Neng.
- (3) Provided that Sanmenxia Baike has agreed to accept the Works after inspection, the Supervisor shall issue an acceptance certificate signed by Sanmenxia Baike to Hebei Han Neng within 56 days after the Supervisor has received the Completion and Inspection Application from Hebei Han Neng.

Defects and rectification:

- (1) If Sanmenxia Baike has refused to accept the Works, the Supervisor shall instruct Hebei Han Neng to rectify or remediate the defects in the Works in accordance with Sanmenxia Baike's inspection comments.
- (2) After Hebei Han Neng has rectified or remediate the defects in the Works, Hebei Han Neng shall submit a new Completion and Inspection Application, and run through the process set out above under the section headed "Completion of the Works".

BASIS OF DETERMINATION OF THE CONTRACT PRICE

The Contract Price was arrived at after arm's length negotiations between Sanmenxia Baike and Hebei Han Neng, taking into account of the following factors: (i) the power output, power storage, power efficiency and technology involved in the Henan Energy Storage Power Plant; (ii) transaction terms and fee quotations obtained from two other Independent Third Party potential contractors with previous experience on similar projects, (iii) the time frame in which other Independent Third Party potential contractors could complete the Works.

After receiving quotations from Hebei Han Neng and two Independent Third Party potential contractors, the Company noted that the overall fee quotation of Hebei Han Neng was lower than that of the two other potential contractors. At the same time, the Company also noted that Hebei Han Neng and the two other Independent Third Party potential contractors had similar previous experience, could complete the Works within a similar amount of time, and could all deliver an Energy Storage Power Plant with the power output, power storage, power efficiency and technology required by Sanmenxia Baike. In light of the above, the Company elected to engage Hebei Han Neng as the EPC Contractor, and accepted Hebei Han Neng's quotation as the Contract Price.

LETTER FROM THE BOARD

INFORMATION ABOUT THE PARTIES

Hebei Han Neng is a limited liability company incorporated under the laws of the PRC. Hebei Han Neng is primarily engaged in the construction and operation of solar power plants, power engineering design and construction, power equipment maintenance, and sales, installation and leasing of power equipment.

Sanmenxia Baike is a company incorporated under the laws of the PRC, and an indirectly wholly-owned subsidiary of the Company. Sanmenxia Baike is principally engaged in the operation of solar power, wind power, and energy storage power plants.

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC CONTRACT

The Henan Energy Storage Power Plant represents a source of revenue for the Group in the coming years. As disclosed in the Voluntary Announcement, on 22 September 2023, Sanmenxia Baike had entered into the Cooperation Agreement for the supply of electricity generated from Power Plants (including an Energy Storage Power Plant) to the Project Partner, in exchange for electricity fees payable by the Project Partner. Since the date of the Voluntary Announcement, the Group has received the requisite approvals from the PRC authorities for the construction of the Power Plants. The Henan Energy Storage Power Plant will be one of the Power Plants used to generate and supply electricity to the Project Partner. The electricity fees payable by the Project Partner will be recognised as revenue for the Group.

As further disclosed in the Voluntary Announcement, under the Cooperation Agreement, the Group will continue to supply electricity to the Project Partner, and generate revenue, from the Power Plants (which includes the Henan Energy Storage Power Plant) for years to come. As the Project Partner's principal business operations require a high electricity consumption day-to-day, the Company estimates that the Power Plants (which includes the Henan Energy Storage Power Plant) will generate a long-term steady stream of revenue. Furthermore, the Project Partner is a strategic customer of the Company, as its parent company (through its subsidiaries such as the Project Partner) holds many mines and smelters across the PRC, all with substantial energy needs and may become sources of revenue for the Group in future.

LETTER FROM THE BOARD

As disclosed in the EPC Contract Announcement, the Directors noted that the terms of the EPC Contract were more favourable to the Group than those offered by the two Independent Third Parties from whom quotations were obtained, as detailed. Having also taken into account the above reasons and benefits, the Directors (excluding the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser) are of the view that the terms of the EPC Contract are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for Mr. Huang, Mr. Huang Yuanming and Ms. Zhang Jinhua, no other member of the Board has any material interest in the EPC Contract. Mr. Huang, Mr. Huang Yuanming and Ms. Zhang Jinhua had abstained from voting on the board resolution approving the EPC Contract.

IMPLICATIONS UNDER THE GEM LISTING RULES

As at the date of the EPC Contract Announcement, Hebei Han Neng, being a majority-controlled company held indirectly by family members of Mr. Huang, is an associate of Mr. Huang. Mr. Huang is being an executive Director and a substantial shareholder of the Company. Accordingly, Hebei Han Neng is a connected person of the Company under the GEM Listing Rules and the EPC Contract constitutes a connected transaction of the Company under Chapter 20 of the GEM Listing Rules.

As one or more of the applicable percentage ratios as defined under Rule 19.07 of the GEM Listing Rules of the EPC Contract exceed 25%, the entering into of the EPC Contract constitutes (i) a major transaction on the part of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules, and (ii) a non-exempt connected transactions of the Company and is therefore subject to the reporting, announcement, circular, and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the EPC Contract.

VBG Capital Limited has also been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the EPC Contract.

Your attention is drawn to the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders set out on pages 14 to 15 of this circular, and the advice letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, set out on pages 16 to 26 of this circular.

LETTER FROM THE BOARD

EGM

An EGM will be convened to consider and, if thought fit, to approve the EPC Contract.

Set out on pages EGM-1 to EGM-3 is a notice convening the EGM to be held at Building A21, No. 108 Beiyuan Road, Chaoyang District, Beijing, the People's Republic of China on Friday, 13 September 2024 at 11:00 a.m. (Hong Kong time) for the purpose of considering and, if thought fit, approving the EPC Contract.

Any Shareholder who is interested in the EPC Contract shall abstain from voting on the resolution to approve the same at the EGM. Each of Mr. Huang, Mr. Huang Yuanming and Ms. Zhang Jinhua, and his/her associates, will abstain from voting on the resolution to approve the EPC Contract at the EGM. As at the Latest Practicable Date, such Shareholders collectively hold 135,174,172 Shares, representing approximately 29.32% of the issued share capital of the Company.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not Shareholders are able to attend the EGM in person, Shareholders are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 11:00 a.m. (Hong Kong time) on 11 September 2024 or not later than 48 hours before the time appointed for any adjournment of the EGM. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the EGM or any adjournment thereof (as the case maybe) should they so wish.

Pursuant to Rule 17.47(4) of the GEM Listing Rules, all votes at the EGM will be taken by poll. The Company will announce the results of the poll in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from 10 September 2024 to 13 September 2024, both days inclusive, during which no transfer of Shares will be effected. In order to be eligible to attend and vote at the EGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. (Hong Kong time) on 9 September 2024.

LETTER FROM THE BOARD

RECOMMENDATION

The Directors (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration the advice of the Independent Financial Adviser) are of the view that the terms of the EPC Contract are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the resolution approving the EPC Contract to be proposed at the EGM.

Your attention is also drawn to the appendices to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of a letter from the Independent Board Committee, which has been prepared for the purpose of incorporation into this circular, setting out its recommendation to the Independent Shareholders as to its opinion and recommendations in respect of the EPC Contract.



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)

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE EPC CONTRACT

We refer to the circular of the Company dated 23 August 2024 2024 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been formed to advise you in respect of the EPC Contract. VBG Capital Limited has been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of its advice, together with the principal factors and reasons that have taken into consideration in giving such advice, are set out on pages 16 to 26 of the Circular. Your attention is also drawn to the letter from the Board and the additional information set out in the appendices to the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

RECOMMENDATION

Having considered the terms of the EPC Contract, and taking into account the advice of the Independent Financial Adviser, in particular, the principal factors, reasons and recommendation as set out in its letter, we consider that the EPC Contract is (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. We therefore recommend you to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the EPC Contract.

Yours faithfully,

For and on behalf of

Independent Board Committee

Cheung Ting Kin

Ma Xingqin

Qiao Wencai

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from VBG Capital Limited to the Independent Board Committee and the Independent Shareholders prepared related to the EPC Contract.

23 August 2024

*To: The independent board committee and the independent shareholders
of China Technology Industry Group Limited*

Dear Sirs,

MAJOR AND CONNECTED TRANSACTIONS IN RELATION TO THE EPC CONTRACT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the EPC contract, of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 23 August 2024 issued by the Company to the Shareholders (the “**Circular**”), of which this letter of advice forms part. Capitalised terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed “Definitions” in the Circular unless the context requires otherwise.

Reference is made to the Voluntary Announcement and the EPC Contract Announcement. As disclosed in the Voluntary Announcement, on 22 September 2023, Sanmenxia Baike and the Project Partner entered into the Cooperation Agreement pursuant to which, among other things, Sanmenxia Baike shall construct on idle land the Power Plants (including an Energy Storage Power Plant), and shall supply the electricity generated from the Power Plants (including said Energy Storage Power Plant) to the Project Partner, in exchange for electricity fees payable by the Project Partner. The electricity fees payable by the Project Partner will be recognised as revenue for the Group.

Since the date of the Voluntary Announcement, the Group has received the requisite approvals from the PRC authorities for the construction of the Power Plants. As such, as disclosed in the EPC Contract Announcement, on 21 June 2024 (after trading hours), Sanmenxia Baike entered into the EPC Contract with Hebei Han Neng in relation to, among other things, the construction of the Henan Energy Storage Power Plant. The Henan Energy Storage Power Plant will be one of the Power Plants used to generate and supply electricity to the Project Partner.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the Letter from the Board, the EPC Contract constitutes (i) a major transaction on the part of the Company and is therefore subject to the reporting, announcement and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules, and (ii) non-exempt connected transactions of the Company and are subject to the reporting, announcement, circular, and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

The Independent Board Committee comprising Mr. Cheung Ting Kin, Ms. Ma Xingqin and Mr. Qiao Wencai (all being the independent non-executive Directors) has been established to advise the Independent Shareholders on whether the EPC Contract is: (i) fair and reasonable; (ii) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (iii) in the interests of the Company and its Shareholders as a whole; and (iv) how the Independent Shareholders should vote in respect of the ordinary resolutions to approve the EPC contract at the EGM. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any business relationship or any interest with the Company or any other parties that could be reasonably regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company and its subsidiaries or the Directors, chief executive or substantial shareholders of the Company or any of their associates. We consider ourselves independent to form our opinion in respect of the EPC Contract.

BASIS OF OUR OPINION

In formulating our opinion with regard to the EPC Contract, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Company (including but not limited to those contained or referred to in the Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Company were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the Circular. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Company in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular 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 in the Circular or the Circular misleading. We, as the independent financial adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or future prospects of the Group, Hebei Han Neng, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the EPC Contract. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources but we did not conduct any independent investigation into the accuracy and completeness of such information.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the EPC Contract, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Transactions

Information on the Group

As extracted from the Letter from the Board, the Company and the Group are principally engaged in (i) sales of renewable energy products; and (ii) new energy power system integration business (which includes the operation power plants), in the PRC.

Sanmenxia Baike is a company incorporated under the laws of the PRC, and an indirectly wholly-owned subsidiary of the Company. Sanmenxia Baike is principally engaged in the operation of solar power, wind power, and energy storage power plants.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Information on Hebei Han Neng

As extracted from Letter from the Board, Hebei Han Neng is a limited liability company incorporated under the laws of the PRC. Hebei Han Neng is primarily engaged in the construction and operation of solar power plants, power engineering design and construction, power equipment maintenance, and sales, installation and leasing of power equipment.

Reasons for and benefits of entering into the EPC Contract

As extracted from the Letter from the Board, the Henan Energy Storage Power Plant represents a source of revenue for the Group in the coming years. As disclosed in the Voluntary Announcement, on 22 September 2023, Sanmenxia Baike had entered into the Cooperation Agreement for the supply of electricity generated from Power Plants (including an Energy Storage Power Plant) to the Project Partner, in exchange for electricity fees payable by the Project Partner. Since the date of the Voluntary Announcement, the Group has received the requisite approvals from the PRC authorities for the construction of the Power Plants. The Henan Energy Storage Power Plant will be one of the Power Plants used to generate and supply electricity to the Project Partner. The electricity fees payable by the Project Partner will be recognised as revenue of the Group.

As further disclosed in the Voluntary Announcement, under the Cooperation Agreement, the Group will continue to supply electricity to the Project Partner, and generate revenue, from the Power Plants (which includes the Henan Energy Storage Power Plant) for years to come. As the Project Partner's principal business operations require a high electricity consumption day-to-day, the Company estimates that the Power Plants (which includes the Henan Energy Storage Power Plant) will generate a long-term steady stream of revenue. Furthermore, the Project Partner is a strategic customer of the Company, as its parent company (through its subsidiaries such as the Project Partner) holds many mines and smelters across the PRC, all with substantial energy needs and may become sources of revenue for the Group in future.

In addition, the Group are principally engaged in (i) sales of renewable energy products; and (ii) new energy power system integration business (which includes the operation power plants), in the PRC. As disclosed in the annual report of the Company for the year ended 31 March 2024, we noted that there was no revenue generated either from the sales of renewable energy products nor the rendering of new energy power system integration services during the year ended 31 March 2024. As such, the construction of the Henan Energy Storage Power Plant, which will generate and supply electricity to the Project Partner upon operation, will generate a long-term steady revenue stream to the Group in the coming years under new energy power system integration business segment.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered the above, we are of the view that the EPC Contract and the Transactions is in the interest of the Company and Shareholders as a whole and conducted in the ordinary and usual course of business of the Company.

2. Principal terms of the EPC Contract

The principal terms of the EPC Contract are set out below:

Date:	21 June 2024 (after trading hours)
Parties:	1. Sanmenxia Baike (as the principal); and 2. Hebei Han Neng (as the EPC contractor)
Subject matter:	Pursuant to the EPC Contract, Hebei Han Neng shall be responsible as the EPC contractor for the Works, including the construction of the Henan Energy Storage Power Plant.
Contract Price and payment terms:	The total Contract Price is in the amount of RMB180,000,000 (inclusive of 10% tax).

The Contract Price is payable in the following stages:

Stage of Completion	Contract Price Payable
Completion of the Works and connection of the Henan Energy Storage Power Plant with the national power grid	RMB153,000,000
Completion of the Works and connection of the Henan Energy Storage Power Plant with the national power grid for not less than three months	RMB18,000,000
The Quality Assurance Fund shall be retained by Sanmenxia Baike and will only be paid to Hebei Han Neng after the expiration of a 24-month warranty period after the Completion.	RMB9,000,000

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Under the terms of the EPC Contract, Sanmenxia Baike may satisfy the Contract Price either through (at its sole and absolute discretion) (i) bank borrowings, and/or (ii) Sanmenxia Baike paying to Hebei Han Neng 80% of the gross profits generated from the Henan Energy Storage Power Plant beginning from the point in time at which the Henan Energy Storage Power Plant is connected with the national power grid and until the entire Contract Price is settled (subject to the Quality Assurance Fund).

Condition precedent: The EPC Contract is conditional upon:

- (1) an ordinary resolution approving the EPC Contract being passed at the EGM (exclusive of the Shareholders who are required to abstain from voting under the GEM Listing Rules and other applicable laws and regulations);
- (2) Sanmenxia Baike having obtained all the approvals required for the signing the EPC Contract including the Henan Province Certificate of Project Registration issued by the Administrative Approvals Bureau of the Sanmenxia City Urban-rural Integration Demonstration Zone; and
- (3) Hebei Han Neng having obtained all the approvals required for signing the EPC Contract.

As at the Latest Practicable Date, conditions precedent numbers (2) and (3) above have been satisfied. Condition precedent number (1) above has not yet been satisfied, and cannot be waived under the EPC Contract.

In the event that any of the conditions set out above have not been fulfilled by 4 pm (Hong Kong time) on 14 September 2024 (or such later date as may be mutually agreed in writing between Sanmenxia Baike and Hebei Han Neng), the EPC Contract shall be terminated, save in respect of any claims arising out of any antecedent breach of the EPC Contract.

Commencement date: The commencement dates for the construction works and installation works under the EPC Contract are as follows:

- (1) construction works: 15 September 2024

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(2) installation works: 25 October 2024

Completion date: The completion dates for the construction works and installation works under the EPC Contract are as follows:

(1) construction works: 30 November 2024

(2) installation works: 30 December 2024

Completion of the Works: (1) Hebei Han Neng may submit Completion and Inspection Application to the Supervisor if the following conditions have been met:

- i. all the Works, including all testing, trial operation, inspection and acceptance procedures within the scope of the EPC Contract, have been completed in accordance with the requirements under the EPC Contract, save for any outstanding and defect rectification work that will be completed during a two-year defect liability period, as agreed by the Supervisor;
- ii. the documentation for Completion has been prepared in accordance with the terms and amount set out in the EPC Contract;
- iii. a list of outstanding and defect rectification works, and their respective construction plans, have been prepared in accordance with the Supervisor's requirements;
- iv. other works that the Supervisor has required to be completed by Hebei Han Neng before the Completion and Inspection Application have been completed; and
- v. the list of information requested by the Supervisor as part of a Completion and Inspection Application, has been provided to the Supervisor.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (2) Provided that the Supervisor has confirmed that the conditions set out in paragraph (1) have been met, the Supervisor shall invite Sanmenxia Baike to inspect the Works within 28 days after the Supervisor has received the Completion and Inspection Application from Hebei Han Neng.
- (3) Provided that Sanmenxia Baike has agreed to accept the Works after inspection, the Supervisor shall issue an acceptance certificate signed by Sanmenxia Baike to Hebei Han Neng within 56 days after the Supervisor has received the Completion and Inspection Application from Hebei Han Neng.
- Defects and rectification:
- (1) If Sanmenxia Baike has refused to accept the Works, the Supervisor shall instruct Hebei Han Neng to rectify or remediate the defects in the Works in accordance with Sanmenxia Baike's inspection comments.
- (2) After Hebei Han Neng has rectified or remediate the defects in the Works, Hebei Han Neng shall submit a new Completion and Inspection Application, and run through the process set out above under the section headed "Completion of the Works".

As extracted from the Letter from the Board, we noted that the Contract Price was arrived at after arm's length negotiations between Sanmenxia Baike and Hebei Han Neng, taking into account of the following factors: (i) the power output, power storage, power efficiency and technology involved in the Henan Energy Storage Power Plant; (ii) transaction terms and fee quotations obtained from two other Independent Third Party potential contractors with previous experience on similar projects, (iii) the time frame in which other Independent Third Party potential contractors could complete the Works.

After receiving quotations from Hebei Han Neng and two Independent Third Party potential contractors, the Company noted that the overall fee quotation of Hebei Han Neng was lower than that of the two other potential contractors. At the same time, the Company also noted that Hebei Han Neng and the two other Independent Third Party potential contractors had similar previous experience, could complete the Works within a similar amount of time, and could all deliver an Energy Storage Power Plant with the power output, power storage, power efficiency and technology required by Sanmenxia Baike. In light of the above, the Company elected to engage Hebei Han Neng as the EPC Contractor, and accepted Hebei Han Neng's quotation as the Contract Price.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To assess the fairness and reasonableness of the terms of the EPC Contract, we have discussed with the management of the Company and obtained and reviewed the documents including fee quotations, previous track records and time frame required for the Works of Hebei Han Neng and two other Independent Third Party contractors and the EPC contract and performed the following assessment.

In terms of the Contract Price, we have compared the fee quotations from Hebei Han Neng and two other Independent Third Party contractors on an item by item basis. We noted that although the fee on each item quoted by Hebei Han Neng may not be the lowest as compared with the two other Independent Third Party contractors the total fee amount offered by Hebei Han Neng is the lowest among the two other Independent Third Party contractors. In addition, the total Contract Price as stated in the EPC contract is same as the quotation received from Heibe Han Neng and is fixed and will not be subject to any market price adjustment of labour and equipment.

In terms of previous experience on similar projects, we have reviewed the track records of Hebei Han Neng and two other Independent Third Party contractors and noted that Hebei Han Neng and other Independent Third Party contractors possess previous experience on similar projects within three years.

In terms of the time frame incurred for completion of the Works, we noted that the estimated time frame offered by Hebei Han Neng is around four months which is similar to other two Independent Third Party contractors and is in line with the completion date as stated in the EPC contract.

While Hebei Han Neng has comparable previous working experience and the time frame for completion of Works is also similar as compared to the two other Independent Third Party contractors and can also deliver an Energy Storage Power Plant with the power output, power storage, power efficiency and technology required by Sanmenxia Baike, the total fee amount offered by Hebei Han Neng is more competitive than the two other Independent Third Party contractors. As such, we consider that the terms of the EPC Contract are fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In terms of the payment terms, we noted that Sanmenxia Baike may satisfy the Contract Price either through (at its sole and absolute discretion) (i) bank borrowings, and/or (ii) Sanmenxia Baike paying to Hebei Han Neng 80% of the gross profits generated from the Henan Energy Storage Power Plant beginning from the point in time at which the Henan Energy Storage Power Plant is connected with the national power grid and until the entire Contract Price is settled (subject to the Quality Assurance Fund). As disclosed in the annual report of the Company for the year ended 31 March 2024, the Group did not generate any revenue and incurred a loss of RMB47.2 million during the year ended 31 March 2024. In addition, the Group had bank balances and cash of RMB517,000 only and other loans of RMB41.3 million as of 31 March 2024. As such, the Group may not be able to obtain bank loans or negotiate favourable terms with banks to finance the construction. On the other hand, with the flexible payment terms offered by Hebei Han Neng (i.e. 80% of the gross profits generated from the Henan Energy Storage Power Plant upon operation), the Group will not incur additional liabilities nor finance costs to construct the plant. As such, we consider that Hebei Han Neng offers better commercial terms regarding the payment terms.

Having considered the above, we are of the view that the terms of the EPC contract are fair and reasonable, on normal commercial terms or better so far as the Independent Shareholders are concerned.

3. Financial Effects of the Group

As disclosed above, it is expected that the Contract Price will be financed either through (at Sanmenxia Baike's sole and absolute discretion) (i) bank borrowings, and/or (ii) Sanmenxia Baike paying to Hebei Han Neng 80% of the gross profits generated from the Henan Energy Storage Power Plant beginning from the point in time at which the Henan Energy Storage Power Plant is connected with the national power grid and until the entire Contract Price is settled (subject to the Quality Assurance Fund). If the Group chooses the latter payment method, it will not have negative impact on the cashflow of the Group.

Upon completion of construction of the Henan Energy Storage Power Plant by Hebei Han Neng, the Henan Energy Storage Power Plant will be wholly owned by and recognised as a fixed asset of Sanmenxia Baike. Thus, the Group's non-current assets will be increased by approximately RMB180 million which in turn will have a positive impact on the total assets of the Group. In addition, the Group's revenue and gross profit will be increased which in turn will have positive impact on the financial performance of the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the view that the EPC contract is i) fair and reasonable; ii) on normal commercial terms or better so far as the Independent Shareholders are concerned; and iii) are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the EPC Contract and we recommend the Independent Shareholders to vote in favour of the ordinary resolutions in this regard.

Yours faithfully,
For and on behalf of
VBG Capital Limited
Karen Chan
Managing Director

Ms. Karen Chan is a licensed person and responsible officer of VBG Capital Limited registered with the Securities and Futures Commission to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 14 years of experience in corporate finance.

APPENDIX I FINANCIAL INFORMATION IN RELATION TO THE GROUP

1. INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 March 2022, 2023 and 2024, are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinatechindgroup.com):

- (i) annual report of the Company for the year ended 31 March 2022 published on 30 June 2022 (pages 44 to 131) <https://www1.hkexnews.hk/listedco/listconews/gem/2022/0630/2022063000143.pdf>
- (ii) annual report of the Company for the year ended 31 March 2023 published on 29 June 2023 (pages 50 to 137) <https://www1.hkexnews.hk/listedco/listconews/gem/2023/0629/2023062901955.pdf>
- (iii) annual report of the Company for the year ended 31 March 2024 published on 28 June 2024 (pages 53 to 141) <https://www1.hkexnews.hk/listedco/listconews/gem/2024/0628/2024062803509.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 June 2024, being the Latest Practicable Date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this circular, the Group had the following liabilities:

	<i>Notes</i>	<i>RMB'000</i>
Non-trade related payables (unsecured and unguaranteed)		
Amounts due to former Directors		
Chiu Tung Ping	<i>1</i>	73
Yuen Hing Lan	<i>1</i>	1,341
Hou Hsiao Bing	<i>1</i>	790
Amounts due to Directors		
Hu Xin	<i>1</i>	472
Other payables	<i>2</i>	10,131
Other loans (unsecured and unguaranteed)		
Loans from Directors		
Huang Yuan Ming	<i>3</i>	27,418
Tse Man Kit, Keith	<i>3</i>	2,409
Loans from a Director		
Huang Bo	<i>4</i>	100
Loans from a former Director		
Chiu Tung Ping	<i>4</i>	11,734
Lease liabilities (secured by rental deposits and unguaranteed)		<u>286</u>
Total		<u><u>54,754</u></u>

APPENDIX I FINANCIAL INFORMATION IN RELATION TO THE GROUP

Notes:

- 1 The amounts were non-trade in nature, unsecured, interest-free and repayable on demand.
- 2 The amount represents the outstanding principal amount under the convertible bonds issued by the Company on 1 June 2011.
- 3 The amounts were interest bearing at a fixed interest rate of 12% per annum, unsecured and repayable on or before 31 March 2029.
- 4 The amounts were non-trade in nature, unsecured, interest-free and repayable more than twelve months from 31 March 2024.

Save as aforesaid, the Group did not, as at the close of business on 30 June 2024, have any other material outstanding (i) debt securities, whether issued and outstanding, authorised or otherwise created but unissued, or term loans, whether guaranteed, unguaranteed, secured (whether the security is provided by the Group or by third parties) or unsecured; (ii) other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, whether guaranteed, unguaranteed, secured or unsecured; (iii) mortgage or charges; or (iv) guarantees or other contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, after due and careful enquiry and after taking into account the existing bank balances and cash, internal resources and also the effect of the EPC Contract, the Group will have sufficient working capital for its present requirements for a period of at least 12 months from the date of this circular, in the absence of unforeseeable circumstances. The Company has obtained the relevant confirmation as required under Rule 19.66(13) of the GEM Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS OF GROUP

The Group is principally engaged in (i) sales of renewable energy products and (ii) new energy power system integration business.

As disclosed in the Company's annual report for the year ended 31 March 2024 ("**2024-FY**"), the Group recorded no revenue, representing a decrease of 100% as compared with approximately RMB42.5 million recorded for the year ended 31 March 2023 ("**2023-FY**"). The Group's gross profit margin was 0% for the 2024-FY, as compared to approximately 5.2% for the 2023-FY.

The Group recorded no gross profit for the 2024-FY. The gross profit for the 2023-FY was generated from the sales and installation of 550W monofacial monocrystalline solar modules (as disclosed in the announcement of the Company dated 31 March 2022 and the circular of the Company dated 22 April 2022).

APPENDIX I FINANCIAL INFORMATION IN RELATION TO THE GROUP

The Group has been exploring new business opportunities in the renewable energy sector – the Cooperation Agreement represents one such new business opportunity. As disclosed in the section headed “Reasons for and benefits of entering into the EPC Contract” in this circular, under the Cooperation Agreement, the Group will continue to supply electricity to the Project Partner, and generate revenue, from the Power Plants (which includes the Henan Energy Storage Power Plant) for years to come, and the Company estimates this to be a long-term steady stream of revenue. Furthermore, the Project Partner is a strategic customer of the Company.

The Company has also sought to broaden its sources of income, in hopes of bringing greater returns to the Group and its Shareholders. As disclosed in the 2024 annual report of the Company, the Company intends to search for new opportunities beyond PRC, being the market the Group primarily operates in, and explore renewable energy projects in Hong Kong. For example, as disclosed in the 2024 annual report of the Company, the Group is currently in discussions regarding two rooftop projects located in the west and east of the New Territories of Hong Kong.

5. FINANCIAL EFFECTS OF THE EPC CONTRACT ON EARNINGS, ASSETS AND LIABILITIES OF GROUP

As disclosed above, it is expected that the Contract Price will be financed either through (at Sanmenxia Baike’s sole and absolute discretion) (i) bank borrowings, and/or (ii) Sanmenxia Baike paying to Hebei Han Neng 80% of the gross profits generated from the Henan Energy Storage Power Plant beginning from the point in time at which the Henan Energy Storage Power Plant is connected with the national power grid and until the entire Contract Price is settled (subject to the Quality Assurance Fund). If the Group chooses the latter payment method, it will not have negative impact on the cashflow of the Group.

Upon completion of construction of the Henan Energy Storage Power Plant by Hebei Han Neng, the Henan Energy Storage Power Plant will be wholly owned by and recognised as a fixed asset of Sanmenxia Baike. Thus, the Group’s non-current assets will be increased by approximately RMB180 million which in turn will have a positive impact on the total assets of the Group. In addition, the Group’s revenue and gross profit will be increased which in turn will have positive impact on the financial performance of the Group.

1. RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at the Latest Practicable Date, the interests and short positions held by the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which they are taken or deemed to have taken under such provisions of the SFO), or which will be required to be entered into the register kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held (Note 1)	Approximate percentage of the issued share capital of the Company (Note 2)
Huang Bo (Note 3 and 4)	Beneficial Owner	89,994,999 (L)	19.52%
Huang Yuanming (Note 3 and 5)	Beneficial Owner	38,717,302 (L)	8.40%
Zhang Jinhua (Executive Director) (Note 6)	Beneficial Owner	15,969,064 (L)	3.46%
Tse Man Kit Keith (Executive Director) (Note 7)	Beneficial Owner	15,658,533 (L)	3.40%

Notes:

- The Letter "L" represents long positions in the Shares or underlying Shares.

2. As at 31 March 2024, the issued share capital of the Company was 460,976,684 ordinary shares of HK\$0.5 each. As at the Latest Practicable Date, the issued share capital of the Company was 460,976,684 ordinary shares of HK\$0.001 each.
3. Mr. Huang Yuanming is the son of Mr. Huang Bo, a substantial shareholder of the Company.
4. As at the Latest Practicable Date, among 89,994,999 Shares interested, 86,825,934 Shares were beneficially held by Mr. Huang Bo and Mr. Huang Bo was also granted an option to subscribe for 3,169,065 Shares under the Share Option Scheme.
5. As at the Latest Practicable Date, among 38,717,302 Shares interested, 35,548,238 Shares were beneficially held by Mr. Huang Yuanming and Mr. Huang Yuanming was also granted an option to subscribe for 3,169,064 Shares under the Share Option Scheme.
6. As at the Latest Practicable Date, among 15,969,064 Shares interested, 12,800,000 Shares were beneficially held by Ms. Zhang Jinhua and Ms. Zhang Jinhua was also granted an option to subscribe for 3,169,064 Shares under the Share Option Scheme.
7. As at the Latest Practicable Date, among 15,658,533 Shares interested, 12,489,469 Shares were beneficially held by Mr. Tse Man Kit Keith and Mr. Tse Man Kit Keith was also granted an option to subscribe for 3,169,064 Shares under the Share Option Scheme.

Saved as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company and their respective associates had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' and Other Persons' Interests and Short Positions in the Shares and Underlying Shares

As at the Latest Practicable Date, the persons or corporations, other than a Director or chief executive of the Company, who had interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept under section 336 of Part XV of the SFO or had otherwise been notified to the Company were as follows:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares held <i>(Note 1)</i>	Approximate percentage of the issued share capital of the Company <i>(Note 2)</i>
Li Xiao Yan* (李曉豔)	Beneficial Owner	59,094,406 (L)	12.82%
Hou Hsiao Bing <i>(Note 3)</i>	Beneficial Owner	26,228,000 (L)	5.69%

* *for identification purpose only*

Notes:

- The Letter "L" represents long positions in the Shares or underlying Shares.
- As at 31 March 2024, the issued share capital of the Company was 460,976,684 ordinary shares of HK\$0.5 each. As at the Latest Practicable Date, the issued share capital of the Company was 460,976,684 ordinary shares of HK\$0.001 each.
- Mr. Hou Hsiao Bing retired as an executive Director with effect from on 26 August 2019.

Save as disclosed above, as at the Latest Practicable Date, the Company has not been notified of any persons, other than a Director or chief executive of the Company, who had interests or short positions in the shares or underlying Shares which would fall to be disclosed to the Company as recorded in the register required to be kept under section 336 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had, or was proposed to have, a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

4. COMPETING INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

To the best knowledge of the Directors, as at the Latest Practicable Date, none of the Directors nor their respective associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses pursuant to the GEM Listing Rules. The Company did not have a controlling shareholder (as defined in the GEM Listing Rules) as at the date of this circular.

5A. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 March 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

5B. DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENTS OF SIGNIFICANCE

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into with any member of the Group subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group taken as a whole.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there has been no material adverse change in financial or trading position of the Group since 31 March 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

7. LITIGATION

As at the Latest Practicable Date, (i) there is no winding up petition presented against the Company, (ii) no member of the Group is engaged in any litigation or arbitration of material importance, and (iii) there is no litigation of material importance known to the Directors to be pending against any member of the Group.

8. EXPERT AND CONSENT

The following are the name and the qualification of the professional adviser who has given opinion or advice contained or referred to in this document:

Name	Qualification
VBG Capital Limited	A licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, VBG Capital Limited had no beneficial interest in the share capital of any member of the Group nor any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group or had any interest, either directly or indirectly, in any assets which had been acquired or disposed of by, or leased to, or which were proposed to be acquired disposed of by, or leased to, any member of the Group since 31 March 2024, being the date to which the latest published audited consolidated accounts of the Group were made up.

VBG Capital Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 23 August 2024, and references to its name in the form and context in which they respectively appear.

9. AUDIT COMMITTEE

As at the Latest Practicable Date, the audit committee of the Board comprised three independent non-executive Directors, namely Mr. Cheung Ting Kin, Ms. Ma Xingqin, and Mr. Qiao Wencai, with Mr. Cheung Ting Kin acting as the chairman. The primary duties of the audit committee of the Board are (among other things) to review and supervise the financial reporting process and internal control procedures of the Group.

Biographical information of each member of the audit committee of the Board are set out below:

Mr. Cheung Ting Kin

Mr. Cheung Ting Kin, aged 41, was appointed as an independent non-executive Director of the Company on 12 December 2023. Mr. Cheung received a Bachelor of Commerce Accounting and Finance from Curtin University in 2004 and a Master of Finance from the Australian National University in 2005. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, an associate of CPA Australia, and a Certified Dealmaker of the China Mergers and Acquisitions Association. He previously worked at various companies that specialise in finance and asset management, including currently serving as a business development director of Plutus Securities Limited (a licensed corporation under the SFO to engage in Type 1 (Dealing in securities) regulated activity) since 2019. Mr. Cheung has previously served as an independent non-executive director of B & D Strategic Holdings Limited, a company listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Main Board of the Stock Exchange”) (stock code: 1780) from 2019 to 2023, an independent non-executive director of Sun Cheong Creative Development Holdings Limited (since delisted, previous stock code: 1781) from 2018 to 2020, the chief financial officer and the company secretary of Richly Field China Development Ltd, a company listed on the Main Board of the Stock Exchange (stock code: 313) from 2015 to 2019, the chief financial officer of Seige Communication Limited from 2012 to 2013, and a senior accountant of EY from 2008 to 2009.

Ms. Ma Xingqin

Ms. Ma Xingqin, aged 34, graduated from the China University of Petroleum (中國石油大學(華東)) in the PRC with a Bachelor degree in Accounting and a Master’s degree in Management in 2009 and 2011 respectively. Ms. Ma is a member of the Chinese Institute of Certified Public Accountants (non-practising). Ms. Ma has more than ten years’ experience in auditing and corporate financial management. Ms. Ma has worked in an accounting firm in the PRC. She was responsible for the accounting work until June 2018 in the Chongqing branch of Aluminum Corporation of China Limited, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2600), the New York Stock Exchange (stock code: ACH) and the Shanghai Stock Exchange (stock code: SH601600). Ms. Ma was appointed as an independent non-executive Director on 19 July 2016.

Mr. Qiao Wencai

Mr. Qiao Wencai, aged 39, was appointed an independent non-executive Director of the Company, received a Bachelor of Financial Management from Central South University (中南大學) in 2005. Mr. Qiao previously served in different financial and accounting related roles at various companies which specialise in renewable energy, including previously served as the chief financial officer and an internal auditor/internal control consultant and the economic management department head of Shunfeng Photovoltaic Investment (China) Co., Ltd. (順風光電投資(中國)有限公司) from 2014 to 2023.

10. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by a member of the Group within the two years immediately preceding the issue of this circular, and which are or may be material:

- (a) the EPC Contract;
- (b) the Cooperation Agreement; and
- (c) the construction contract entered into between Hebei Zhonghua Energy Equipment Co., Limited* (河北眾鐸能源裝備有限公司) and the Hebei Hengshan Construction Group Limited* (河北恒山建設集團有限公司) 9 November 2022, details of which were disclosed in the announcement of the Company dated 9 November 2022 and the circular of the Company dated 20 January 2023.

Save from the above, as at the Latest Practicable Date, no contracts (contracts not being entered into in the ordinary course of business) were entered into by any member of the Group within the two years immediately preceding the issue of this circular and which is or may be material.

11. GENERAL

- (i) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (ii) The head office and principal place of business of the Company in Hong Kong is at Suite 704, 7th Floor, Ocean Centre, Harbour City, Kowloon, Hong Kong.

- (iii) The company secretary is Ms. Chu Hoi Ying who is the deputy chief financial officer, the qualified accountant, company secretary and one of the authorised representatives of the Company. Ms. Chu received a Bachelor of Business Administration from Lingnan University in 2004. Ms. Chu has been serving as a senior financial manager of the Company since September 2019. Prior to joining the Company, Ms. Chu also served financial management and accounting roles at Shunfeng International Clean Energy Limited (stock code: 1165), and served as an auditor at Grant Thornton and Horwath Hong Kong CPA Limited. She is a member of the Hong Kong Institute of Certified Public Accountants. As at the date of this circular, Ms. Chu is interested in 1,000,003 Shares of the Company, representing approximately 0.22% of the issued share capital of the Company. Ms. Chu joined the Group in September 2019.
- (iv) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (v) The compliance officer of the Company is Ms. Hu Xin, an executive Director of the Company.
- (vi) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinatechindgroup.com) for 14 days from the date of this circular:

- (i) the EPC Contract;
- (ii) the letter from Independent Financial Adviser, the text of which is set out on pages 17 to 26 in Appendix II to this circular;
- (iii) the written consents referred to in the paragraph ended "8. Expert and Consent" in this appendix; and
- (iv) this circular.

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**EGM**”) of China Technology Industry Group Limited (the “**Company**”) will be held at Building A21, No. 108 Beiyuan Road, Chaoyang District, Beijing, the People’s Republic of China on Friday, 13 September 2024 at 11:00 a.m. (Hong Kong time) for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTION

“THAT:

1. the EPC contract dated 21 June 2024 entered into between Sanmenxia Baike New Energy Co., Ltd.* (三門峽百科新能源有限公司), an indirect wholly-owned subsidiary of the Company, and 河北漢能售電有限公司 in relation to, among other things, the construction of a user-side energy storage power plant with a capacity of 30MW/180MWh in the Industrial Agglomeration Area of in Sanmenxia in Henan Province* (河南省三門峽市產業集聚區) of the PRC (the “**EPC Contract**”), be and is hereby approved and confirmed; and
2. any one director of the Company be and is hereby generally and unconditionally authorised to do all such acts and things, to sign and execute all such documents for and on behalf of the Company as they may consider necessary, appropriate, desirable or expedient to give effect to or in connection with the EPC Contract.”

By Order of the Board

China Technology Industry Group Limited

Huang Bo

Chairman

Hong Kong, 23 August 2024

NOTICE OF EGM

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Principal place of business in Hong Kong:

Suite 704, 7th Floor,
Ocean Centre,
Harbour City,
Kowloon,
Hong Kong

Notes:

1. A shareholder of the Company (the “**Shareholder**”) entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, vote in his/her/its stead. A Shareholder who is the holder of two or more shares of the Company (the “**Shares**”) may appoint more than one proxy to represent him/her/it and vote on his/her/its behalf at a general meeting of the Company. A proxy needs not be a Shareholder. In addition, a proxy shall be entitled to exercise the same powers on behalf of a Shareholder which is a corporation and for which he/she acts as proxy as such Shareholder could exercise if it were an individual Shareholder.
2. For determining the entitlement of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from 10 September 2024 to 13 September 2024, both days inclusive, during which no transfer of the Shares will be effected. In order to be entitled to attend and vote at the EGM, all share transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 9 September 2024.
3. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised.
4. To be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority must be deposited at the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by 11:00 a.m. on 11 September 2024 or not later than 48 hours before the time appointed for any adjourned meeting of the EGM. Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration.
5. Completion and return of a form of proxy will not preclude a Shareholder from attending and voting in person at the EGM or any adjournment thereof and in such event, the form of proxy shall be deemed to be revoked.
6. In the case of joint holders of any Share, any one of such joint holders may vote at the EGM, either personally or by proxy, in respect of such share as if he/she/it was solely entitled thereto; but if more than one of such joint holders be present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register in respect of such share shall alone be entitled to vote in respect thereof.
7. In compliance with the Rules (“**GEM Listing Rules**”) Governing the Listing of Securities on GEM of the Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), all resolutions to be proposed at the EGM will be voted by way of poll.
8. References to time and dates in this notice are to Hong Kong time and dates.

NOTICE OF EGM

As at the date of this notice, the Directors are as follows:

Executive Directors:

Huang Bo (Chairman)

Huang Yuanming

Zhang Jinhua

Tse Man Kit Keith

Hu Xin

Independent non-executive Directors:

Cheung Ting Kin

Ma Xingqin

Qiao Wencai

This notice, 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 notice 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 notice misleading.

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