



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8111)

First Quarterly
Report
2021



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

QUARTERLY RESULTS HIGHLIGHTS

The loss attributable to owners of the Company for the three months ended 30 June 2021 was approximately RMB0.5 million (2020: profit attributable to owners of the Company of approximately RMB9.1 million).

The revenue of the Group for the three months ended 30 June 2021 was approximately RMB9.7 million, representing a decrease of approximately 88.7 per cent, as compared with approximately RMB86.2 million recorded for the three months ended 30 June 2020.

Gross profit margin of the Group was approximately 16.7 per cent for the three months ended 30 June 2021, as compared to approximately 17.3 per cent for the three months ended 30 June 2020.

Basic loss per share for the three months ended 30 June 2021 was approximately RMB0.02 cents (2020: Basic earnings per share of approximately RMB0.43 cents).

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2021 (2020: Nil).

We are pleased to present the unaudited consolidated results of China Technology Industry Group Limited for the three months ended 30 June 2021.

BUSINESS REVIEW

The Group was principally engaged in (i) sales of renewable energy products; (ii) new energy power system integration business; (iii) sales of self-service automatic teller machine (“ATM”) systems and printing systems, and (iv) provision of hardware and software technical support services in the People’s Republic of China (“PRC” or “China”) during the three months ended 30 June 2021.

The Group recorded a loss attributable to owners of the Company of approximately RMB0.5 million for the three months ended 30 June 2021 (2020: profit attributable to owners of the Company of approximately RMB9.1 million), which was mainly attributable to the decrease in revenue and gross profit of the Group during the three months ended 30 June 2021.

The Group’s revenue amounted to approximately RMB9.7 million for the three months ended 30 June 2021, representing a decrease of approximately 88.7 per cent as compared with approximately RMB86.2 million recorded for the three months ended 30 June 2020. The decrease in revenue was mainly attributable to the decrease in sales of wind power related products of approximately RMB63.7 million during the three months ended 30 June 2021, where there was substantial revenue generated therefrom during the three months ended 30 June 2020 (2020: RMB73.4 million) and the decrease in sales of solar power related products of approximately RMB12.8 million during the three months ended 30 June 2021.

The Group’s gross profit margin was approximately 16.7 per cent for the three months ended 30 June 2021, as compared to approximately 17.3 per cent for the three months ended 30 June 2020 mainly because of the additional design costs for renewable energy products during the three months ended 30 June 2021 (2020: Nil).

Selling expenses incurred by the Group for the three months ended 30 June 2021 amounted to approximately RMB0.4 million (2020: approximately RMB0.6 million), representing a decrease of approximately 28.9 per cent. The decrease was due to the Group’s policy on cost control during the three months ended 30 June 2021.

Administrative expenses incurred by the Group for the three months ended 30 June 2021 amounted to approximately RMB1.8 million (2020: approximately RMB2.3 million), representing a decrease of approximately 22.7 per cent. The decrease was due to the Group’s policy on cost control during the three months ended 30 June 2021.

Basic loss per share were approximately RMB0.02 cents for the three months ended 30 June 2021, as compared with the basic earnings per share of approximately RMB0.43 cents for the three months ended 30 June 2020.

SALES OF RENEWABLE ENERGY PRODUCTS

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

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

The revenue generated from the sales of renewable energy products was approximately RMB9.7 million for the three months ended 30 June 2021 (2020: RMB86.2 million), accounted for 100.0 per cent of the Group's total revenue during the three months ended 30 June 2021 (2020: 100.0 per cent).

NEW ENERGY POWER SYSTEM INTEGRATION BUSINESS

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

There was no revenue generated from the new energy power system integration business during the three months ended 30 June 2021 (2020: Nil).

SALES OF SELF-SERVICE ATM SYSTEMS AND PRINTING SYSTEMS

There was no revenue generated from the sales of self-service ATM systems and printing systems during the three months ended 30 June 2021 (2020: Nil).

PROVISION OF HARDWARE AND SOFTWARE TECHNICAL SUPPORT SERVICES

There was no revenue generated from the provision of hardware and software technical support services during the three months ended 30 June 2021 (2020: Nil).

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

There were no significant investments or material acquisition or disposal of subsidiaries by the Group during the period under review.

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 30 June 2021, the Group had cash and bank balances of approximately RMB2.4 million (31 March 2021: approximately RMB1.9 million). The Group had no outstanding bank overdraft as at 30 June 2021 (31 March 2021: Nil).

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

EVENTS OCCURRED DURING THE PERIOD UNDER REVIEW

I. *CHANGES OF INDEPENDENT NON-EXECUTIVE DIRECTORS AND COMPOSITION OF BOARD COMMITTEES*

(1) RESIGNATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

On 1 April 2021, each of Mr. Dong Guangwu ("**Mr. Dong**") and Mr. Meng Xianglin ("**Mr. Meng**") has tendered his resignation as an independent non-executive Director of the Company with effect from 1 April 2021. Each of Mr. Dong and Mr. Meng has ceased to be a member of each of the Company's audit committee (the "**Audit Committee**"), nomination committee (the "**Nomination Committee**") and remuneration committee (the "**Remuneration Committee**") with effect from 1 April 2021.

Please refer to the announcement of the Company dated 1 April 2021 for further details.

(2) APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

On 1 April 2021, each of Ms. Shan Jinlan ("**Ms. Shan**") and Mr. Wang Zhuchen ("**Mr. Wang**") has been appointed as an independent non-executive Director and a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee with effect from 1 April 2021.

There is no service contract between the Company and Ms. Shan. Ms. Shan is appointed for a term of one year and is subject to retirement by rotation and re-election in accordance with the articles of association of the Company and the GEM Listing Rules. Ms. Shan will be entitled to a Director's fee of RMB15,600 per month, which was recommended by the Remuneration Committee and has been determined with reference to the prevailing market conditions, her qualification and level of experience, and her roles and responsibilities in the Group, subject to review by the Board and the Remuneration Committee from time to time. She has not entered into nor proposed to enter into any service contracts which fall within the meanings of Rule 17.90 of the GEM Listing Rules requiring the prior approval of the shareholders of the Company ("**Shareholders**") at general meetings, with the Company.



Further, there is no service contract between the Company and Mr. Wang. Mr. Wang is appointed for a term of one year and is subject to retirement by rotation and re-election in accordance with the articles of association of the Company and the GEM Listing Rules. Mr. Wang will be entitled to a Director's fee of RMB9,200 per month, which was recommended by the Remuneration Committee and has been determined with reference to the prevailing market conditions, his qualification and level of experience, and his roles and responsibilities in the Group, subject to review by the Board and the Remuneration Committee from time to time. He has not entered into nor proposed to enter into any service contracts which fall within the meanings of Rule 17.90 of the GEM Listing Rules requiring the prior approval of the Shareholders at general meetings, with the Company.

Please refer to the announcement of the Company dated 1 April 2021 for further details relating to their respective appointment.

Pursuant to code provision A.4.2 of the Corporate Governance Code contained in Appendix 15 to the GEM Listing Rules, all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Further, pursuant to article 112 of the articles of association of the Company, any Director appointed by the Board to fill a casual vacancy shall hold office until the next following general meeting of the Company and shall then be eligible for re-election at the meeting. Accordingly, the office of each of Ms. Shan and Mr. Wang ended at the extraordinary general meeting of the Company held on 15 July 2021 ("**EGM**"), where each of Ms. Shan and Mr. Wang, being eligible, offered themselves for the re-election. At the EGM, each of Ms. Shan and Mr. Wang was re-elected as an independent non-executive Director. Please refer to the circular of the Company dated 17 June 2021 and the announcement of the Company dated 15 July 2021 for further details relating to their respective re-election.

II. RESIGNATION OF AUDITOR

On 10 May 2021, Deloitte Touche Tohmatsu ("**Deloitte**") has resigned as the auditor of the Group with effect from 10 May 2021, after taking into account factors including the level of audit fee and availability of internal resources, for the financial year ended 31 March 2021.

Deloitte has confirmed in its letter of resignation that there are no matters connected with its resignation that need to be brought to the attention of the Shareholders.

The Board and the Audit Committee have confirmed that there is no disagreement between the Company and Deloitte and there are no matters or circumstances in respect of the resignation of Deloitte as auditor of the Group that need to be brought to the attention of the Shareholders.

Please refer to the announcement of the Company dated 10 May 2021 for further details.

III. APPOINTMENT OF AUDITOR

On 12 May 2021, the Board, with the recommendation of the Audit Committee, has appointed SHINEWING (HK) CPA Limited as the new auditor of the Company with effect from 12 May 2021 to fill the casual vacancy following the resignation of Deloitte and to hold office until conclusion of the next annual general meeting of the Company.

Please refer to the announcement of the Company dated 12 May 2021 for further details.

IV. ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

On 31 May 2021, the Company and the Mr. Qin Zhongde, an independent third party ("**Subscriber**") entered into a subscription agreement ("**Subscription Agreement**") pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the convertible bonds ("**Convertible Bonds**") in the principal amount of HK\$32,000,000 ("**Subscription**"). Principal terms of the Convertible Bonds are set out in the announcement of the Company dated 31 May 2021 ("**Announcement**").

CONVERSION RIGHTS

The Subscriber shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into shares of the Company ("**Shares**") at any time and from time to time during the issue date of the Convertible Bonds to 1 October 2022 ("**Conversion Period**") in amounts of not less than HK\$1 million and in integral multiples of HK\$1 million in excess thereof on each conversion, save that if at any time, the principal outstanding amount of the Convertible Bonds is less than HK\$1 million, the whole (but not part only) of the principal outstanding amount of the Convertible Bonds may be converted.

The Subscriber shall not have the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds into Shares to the extent that immediately after such conversion:

- (a) there will not be sufficient public float of the Shares as required under the GEM Listing Rules; and
- (b) the Subscriber whether on his own or together with parties acting in concert with him would be obliged to make a general offer under the Code on Takeovers and Mergers ("**Takeovers Code**").

CONVERSION PRICE

The initial Conversion Price (as defined in the Announcement) of HK\$0.5 per Conversion Share (as defined in the Announcement) has been determined after arm's length negotiations between the Company and the Subscriber with reference to the then prevailing market price of the Shares. The Directors consider that the Conversion Price and the terms and conditions of the Subscription Agreement and the Convertible Bonds are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONDITIONS PRECEDENT

Completion of the Subscription is conditional upon:

- (i) the Subscriber receiving on or before the date of completion a copy of each of:
 - the articles of association of the Company;
 - the resolution(s) of the Directors authorising the execution of the bond instrument and certificates of the Convertible Bonds to which the Company is a party, the issue of the Convertible Bonds and the entry into and performance of the transactions contemplated hereby and thereby; and
 - the bond instrument and certificates of the Convertible Bonds executed on or before the date of completion by or on behalf of all parties thereto;
- (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Conversion Shares (as defined in the Announcement) (and such listing and permission not having been subsequently revoked by the Stock Exchange prior to the Closing Date (as defined in the Announcement)); and
- (iii) the statements represented, warranted and undertaken by the Company to the Subscriber as stated in the Subscription Agreement remaining true, accurate and not misleading in each case in all respects.

GENERAL MANDATE

The Conversion Shares will be issued under the General Mandate (as defined in the Announcement), subject to the limit up to 448,176,684 Shares (representing 20% of the then issued share capital of the Company). Accordingly, the allotment and issue of the Conversion Shares is not subject to the Shareholders' approval.

As at the date of this report, no Share has been issued by the Company under the General Mandate.

APPLICATION FOR LISTING

An application has been made to the Stock Exchange for the listing of, and the permission to deal in, the Conversion Shares. No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange.

USE OF PROCEEDS

The Company and the Subscriber have agreed that Existing Convertible Bonds (as defined in the Announcement) shall be redeemed by the Company on the date of completion. As the redemption money payable by the Company to the Subscriber in respect of the Existing Convertible Bonds in the principal amount of HK\$32,000,000 shall be applied towards the payment of and be set off against the subscription money payable by the Subscriber for the Convertible Bonds in the principal amount of HK\$32,000,000, the Company will not receive any net proceeds from the issue of the Convertible Bonds.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Board considers that the redemption of the Existing Convertible Bonds and the issue of the Convertible Bonds allows the Company to postpone its cash outflow required for the repayment of the Existing Convertible Bonds and to retain its financial resources for a longer period for the development of its business. The Board has considered various ways of raising funds in the capital market and considers that the issue of the Convertible Bonds is an appropriate means of raising capital for the Company since such issue will not have an immediate dilution effect on the shareholding of the existing Shareholders. The Board considers that the terms of the Subscription Agreement and the Convertible Bonds are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

EFFECTS OF THE FULL CONVERSION OF THE CONVERTIBLE BONDS

The shareholdings in the Company as at the date of this report and immediately after conversion in full of the Convertible Bonds (assuming that there is no other change in the issued share capital of the Company) at the initial Conversion Price are summarised as follows:

	As at the date of this report		Immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (for illustration purpose only)	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Huang Bo	86,825,934	19.37%	86,825,934	18.84%
Li Xiaoyan* (李曉艷)	59,094,406	13.19%	59,094,406	12.82%
The Subscriber	–	–	12,800,000	2.78%
Public Shareholders	302,256,343	67.44%	302,256,343	65.56%
Total	448,176,684*	100.00%	460,976,684*	100.00%

* fractional number of shares is disregarded for illustration purposes

For further details, please refer to the Announcement and the announcement of the Company dated 17 June 2021.

COMPLETION

All conditions of the Subscription Agreement have been fulfilled and completion of the Subscription took place on 17 June 2021 in accordance with the terms and conditions thereof. The Convertible Bonds in the principal amount of HK\$32,000,000 have been issued to the Subscriber.

* For identification purpose only

V. PROPOSED SHARE CONSOLIDATION AND PROPOSED CHANGE IN BOARD LOT SIZE

Reference is made to the announcements of the Company dated 3 June 2021 and 4 June 2021 and the circular of the Company dated 17 June 2021 (“**Circular**”). Capitalised terms under this section shall have the same meanings given to them in the Circular.

On 3 June 2021, the Board proposes to implement the proposed consolidation of every five (5) issued and unissued existing shares of HK\$0.10 each in the share capital of the Company into one (1) ordinary share of HK\$0.50 each in the share capital of the Company (“**Share Consolidation**”).

EFFECTS OF THE SHARE CONSOLIDATION

Prior to the Share Consolidation becoming effective, 2,240,883,423 Existing Shares were allotted and issued. Upon the Share Consolidation becoming effective, 448,176,684* Consolidated Shares (as defined in the Circular) will be in issue. The Consolidated Shares rank pari passu in all respects with each other.

* *fractional number of shares is disregarded for illustration purposes*

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the shareholdings, proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

CONDITIONS OF THE SHARE CONSOLIDATION

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the laws in Cayman Islands (where applicable) and the GEM Listing Rules to effect the Share Consolidation.

LISTING APPLICATION

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of the Hong Kong Securities Clearing Company Limited ("**HKSCC**"), the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in the Central Clearing and Settlement System established and operated by HKSCC ("**CCASS**") with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the general rules of CCASS and the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time ("**CCASS Operational Procedures**") in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is proposed to be sought.

PROPOSED CHANGE IN BOARD LOT SIZE

The Existing Shares were traded on the Stock Exchange in the board lot size of 5,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 5,000 Existing Shares to 10,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.087 per Existing Share (equivalent to the theoretical closing price of HK\$0.435 per Consolidated Share) as at 3 June 2021, (i) the value of each existing board lot of Existing Shares is HK\$435; (ii) the value of each board lot of 1,000 Consolidated Shares would be HK\$435; and (iii) the estimated value per board lot of 10,000 Consolidated Shares would be HK\$4,350.

ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY

Pursuant to the terms of the Convertible Bonds, upon the Share Consolidation becoming effective, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the revised nominal amount and dividing the result by the former nominal amount with effect from the close of business in Hong Kong on the day immediately preceding the date on which the Share Consolidation becomes effective, as a result of which 12,800,000 Consolidated Shares will be issued. The Company will make further announcement(s) about the adjustment(s) pursuant to the GEM Listing Rules.

Save as disclosed above, the Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares, as at the date of this report.

REASON FOR THE SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

Pursuant to Rule 17.76 of the GEM Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. The “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019 has further stated that (i) market price of the Shares at a level less than HK\$0.1 will be considered as approaching the extremities of HK\$0.01 as referred to Rule 17.76 of the GEM Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

In view of the recent trading price of the Shares, the Board considers that the Share Consolidation will enable the Company to comply with the trading requirements under the GEM Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction costs for each securities trade. With a corresponding upward adjustment in the trading price of the Consolidated Shares, the Board believes that the Share Consolidation will make investing in the Shares more attractive to a broader range of investors, and therefore further broaden the shareholder base of the Company.

In view of the above reasons, the Company considers the proposed Share Consolidation and Change in Board Lot Size is justifiable notwithstanding the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

EGM

The proposed ordinary resolution to ratify and approve the Share Consolidation was duly passed by the Shareholders by way of poll at the EGM held on 15 July 2021.

The Share Consolidation had become effective on Monday, 19 July 2021. Dealings in the Consolidated Shares had commenced at 9:00 a.m. on Monday, 19 July 2021. Please refer to the Circular for the details, including the trading arrangement and the exchange of share certificates and matching services for odd lots of the Consolidated Shares arising in connection with the Share Consolidation. Shareholders should note that upon the Share Consolidation becoming effective, the colour of the share certificates of the Company had been changed from blue to green.

For further details, please refer to the announcements of the Company dated 3 June 2021, 4 June 2021 and 15 July 2021 and the Circular.

BUSINESS PROSPECTS

According to the data from the China Photovoltaic Industry Association (CPIA) (中國光伏行業協會) (“**CPIA**”), the overall production of the photovoltaic industry grew steadily in first three quarters of 2020. China’s National Energy Administration (“**NEA**”) announced that in the newly installed capacity of China’s power supply in 2020 was 190.87GW, in which 48.2 GW was photovoltaic capacity. The newly installed photovoltaic capacity was 18.7GW in the first three quarters announced by the NEA, which means there was 29.5GW installed in the fourth quarter. This is a new high of nearly three years since the peak of the installed capacity in 2017. In addition, the President of China, Xi Jinping, announced during the United Nations General Assembly held in September 2020 that China strives to reach the peak of carbon dioxide emissions by 2030 and to achieve carbon neutrality by 2060, whilst the total installed capacity of wind and solar power generation will reach 1.2 billion kilowatts or even more. China enters the “14th Five-Year Plan” in 2021. Photovoltaic power generation will no longer be subsidized and enter into the grid parity generation. It is foreseeable that the Chinese government will continue to introduce various photovoltaic policies to support the “14th Five-Year” energy plan in 2021 in order to stimulate the development of the photovoltaic industry and achieve the country’s overall energy goals. Besides, some industrial projects that were delayed by the epidemic in early 2020 will also be completed in 2021. CPIA predicted that during the “14th Five-Year Plan” period, the average annual domestic photovoltaic installed capacity will be 70 to 90GW. It is predicted that the development of China’s photovoltaic industry will continue to improve in 2021.

The Group will continue to look for other solar energy generation projects and new energy power system integration services. The Group has been negotiating and securing new contracts for the new energy power system integration business during the period under review.

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

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

Chiu Tung Ping
Chairman and executive Director
China Technology Industry Group Limited

Hong Kong, 10 August 2021

RESULTS

The board of Directors (“Board”) announces the unaudited consolidated results of the Group for the three months ended 30 June 2021 together with comparative unaudited consolidated results of the Group for the corresponding period in 2020 as follows:

	<i>Notes</i>	From 1 April 2021 to 30 June 2021 (unaudited) RMB'000	From 1 April 2020 to 30 June 2020 (unaudited) RMB'000
Revenue	2	9,737	86,199
Cost of sales	4	(8,115)	(71,318)
Gross profit		1,622	14,881
Other revenue – bank interest income		3	–
Other gains and losses	3	1,095	(11)
Selling expenses		(448)	(630)
Change in fair value of financial assets at fair value through profit or loss	4	(66)	(23)
Change in fair value of financial derivative liabilities		19	106
Administrative expenses		(1,763)	(2,280)
Finance costs	5	(1,007)	(1,466)
(Loss) Profit before tax	4	(545)	10,577
Income tax expense	6	–	(1,513)
(Loss) Profit for the period		(545)	9,064
Total comprehensive (expense) income for the period		(545)	9,064
(Loss) Profit for the period attributable to:			
Owners of the Company		(545)	9,069
Non-controlling interests		–	(5)
		(545)	9,064
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(545)	9,069
Non-controlling interests		–	(5)
		(545)	9,064
Dividend		–	–
		RMB cents	RMB cents
(Loss) Earnings per share			
– Basic (RMB cents)	7	(0.02) cents	0.43 cents
– Diluted (RMB cents)	7	(0.02) cents	0.43 cents

NOTES TO THE UNAUDITED CONSOLIDATED RESULTS

1. BASIS OF PREPARATION

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

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

The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2021, except for adoption of new and revised HKFRSs and HKAS issued by the Hong Kong Institute of Certified Public Accountants which are effective to the Group for accounting periods beginning on or after 1 April 2021. The adoption of the new HKFRSs and HKAS has no material impact on the Group’s results and financial position for the current or prior periods.

The consolidated results of the Group for the three months ended 30 June 2021 are unaudited but have been reviewed by the audit committee of the Board (“**Audit Committee**”).

2. REVENUE AND OTHER REVENUE

During the three months ended 30 June 2021, the Group was principally engaged in (i) sales of renewable energy products; (ii) new energy power system integration business; (iii) sales of self-service ATM systems and printing systems; and (iv) provision of hardware and software technical support services in the PRC.

Revenues recognised during the reporting period are as follows:–

	From 1 April 2021 to 30 June 2021 RMB'000	From 1 April 2020 to 30 June 2020 RMB'000
Revenue		
Sales of renewable energy products	9,737	86,199
New energy power system integration business	–	–
Sales of self-service ATM systems and printing systems	–	–
Provision of hardware and software technical support services	–	–
	9,737	86,199

3. OTHER GAINS AND LOSSES

	From 1 April 2021 to 30 June 2021 RMB'000	From 1 April 2020 to 30 June 2020 RMB'000
Foreign exchange gain (loss)	1,095	(29)
Sundry income	–	18
	1,095	(11)

4. (LOSS) PROFIT BEFORE TAX

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

	1 April 2021 to 30 June 2021 RMB'000	1 April 2020 to 30 June 2020 RMB'000
Cost of inventories recognised as expenses	8,115	71,318
Depreciation of right-of-use assets	210	213
Depreciation of equipment	55	57
Change in fair value of financial assets at fair value through profit or loss	66	23

5. FINANCE COSTS

	1 April 2021 to 30 June 2021 RMB'000	1 April 2020 to 30 June 2020 RMB'000
Effective interest on convertible bonds	842	1,161
Interest on other loans	148	265
Interest on lease liabilities	17	40
	1,007	1,466

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as there is no assessable profit for the subsidiaries operating in Hong Kong during the three months ended 30 June 2021 (2020: nil).

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

Under the Law of the PRC on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the three months ended 30 June 2021 and 30 June 2020, except for certain subsidiaries of the Group in the PRC are under the Western China Development Plan, and were approved to enjoy the preferential tax rate of 15% in accordance with the EIT Law and relevant regulations for the three months ended 30 June 2021 and 30 June 2020.

	1 April 2021 to 30 June 2021 RMB'000	1 April 2020 to 30 June 2020 RMB'000
Current income tax:		
– Hong Kong Profits tax	–	–
– PRC Enterprise Income Tax	–	1,513
Income Tax	–	1,513

7. (LOSS) EARNINGS PER SHARE

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

(Loss) Profit figures are calculated as follows:

	From 1 April 2021 to 30 June 2021 RMB'000	From 1 April 2020 to 30 June 2020 RMB'000
(Loss) Profit		
(Loss) Profit for the period attributable to the owners of the Company and for the purpose of basic and diluted (loss) earnings per share	(545)	9,069
	From 1 April 2021 to 30 June 2021	From 1 April 2020 to 30 June 2020
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss) earnings per share	2,240,883,423	2,130,704,881
	RMB cents	RMB cents
Basic (loss) earnings per share	(0.02) cents	0.43 cents
Diluted (loss) earnings per share	(0.02) cents	0.43 cents

Outstanding convertible bonds of the Company are anti-dilutive since their exercise or conversion would result in (a) an decrease/increase in basic (loss) earnings per share for the three months ended 30 June 2021 and 30 June 2020.

QUARTERLY DIVIDEND

The Board does not recommend the payment of quarterly dividend for the three months ended 30 June 2021 (2020: Nil).

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								Total
	Share capital	Share premium	Reserve arising from reorganisation (Note a)	Exchange reserve	Equity transaction reserve (Note b)	Accumulated losses	Total	Non-controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2020	153,135	126,912	(20,484)	156	823	(251,067)	9,475	(367)	9,108
Profit (loss) for the period	-	-	-	-	-	9,069	9,069	(5)	9,064
Total comprehensive income (expense) for the period	-	-	-	-	-	9,069	9,069	(5)	9,064
Issue of shares pursuant to an equity interest transfer agreement	26,899	(6,621)	-	-	(20,278)	-	-	-	-
At 30 June 2020	180,034	120,291	(20,484)	156	(19,455)	(241,998)	18,544	(372)	18,172
At 1 April 2021	189,876	120,291	(20,484)	156	(11,210)	(190,307)	88,322	(380)	87,942
Loss for the period	-	-	-	-	-	(545)	(545)	-	(545)
Total comprehensive expense for the period	-	-	-	-	-	(545)	(545)	-	(545)
At 30 June 2021	189,876	120,291	(20,484)	156	(11,210)	(190,852)	87,777	(380)	87,397

Notes:

a. Reserve arising from reorganisation

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

b. Equity transaction reserve

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

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

As at 30 June 2021, the interests and short positions of the Directors and 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 Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules are as follows:

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN THE SHARES OF THE COMPANY

Name of Directors/ Chief executive	Number and class of securities (Note 1)	Capacity	Approximate percentage of the Company's issued share capital as at 30 June 2021 (Note 2)
Mr. Tse Man Kit Keith (Executive Director)	12,437,348 ordinary shares (L)	Beneficial owner	0.56%

Notes:

1. The letter "L" represents long positions in the shares or underlying shares of the Company.
2. As at 30 June 2021, the issued share capital of the Company was 2,240,883,423 ordinary shares of HK\$0.1 each.

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

As at 30 June 2021, the following persons or entities, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Number of ordinary shares (Note 1)	Capacity	Approximate percentage of the Company's issued share capital as at 30 June 2021 (Note 2)
Mr. Huang Bo (Note 3)	434,129,674 (L)	Beneficial owner	19.37%
Ms. Li Xiaoyan* (李曉豔女士)	295,472,031 (L)	Beneficial owner	13.19%
Mr. Huang Yuan Ming (Note 3)	177,741,194 (L)	Beneficial owner	7.93%
Mr. Hou Hsiao Bing (Note 4)	131,140,000 (L)	Beneficial owner	5.85%

* for identification purpose only

Notes:

- The letter "L" represents long position in the shares or underlying shares of the Company.
- As at 30 June 2021, the issued share capital of the Company was 2,240,883,423 ordinary shares of HK\$0.1 each.
- Mr. Huang Yuan Ming is the son of Mr. Huang Bo, a substantial shareholder of the Company.
- Mr. Hou Hsiao Bing retired as an executive Director with effect from 26 August 2019.

AUDIT COMMITTEE

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

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group's audit. It also reviews the effectiveness of both the external and internal audit and of the risk management and internal control systems of the Group. As at the date of this report, the Audit Committee comprises of three independent non-executive Directors, namely Ms. Ma Xingqin, Ms. Shan Jinlan and Mr. Wang Zhuchen. The unaudited consolidated results of the Group for the three months ended 30 June 2021 have been reviewed and approved by the Audit Committee.

DIRECTORS' COMPETING INTEREST OR BUSINESS

During the three months ended 30 June 2021, none of the Directors or their close associates had any interest or business which competes or may compete with the business of the Group.

The Company did not have any controlling shareholder during the three months ended 30 June 2021.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the shares of the Company during the three months ended 30 June 2021.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiry of the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the three months ended 30 June 2021.

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

Hong Kong, 10 August 2021

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

Executive Directors:

Chiu Tung Ping (Chairman)

Yuen Hing Lan

Hu Xin

Tse Man Kit Keith

Independent non-executive Directors:

Ma Xingqin

Shan Jinlan

Wang Zhuchen