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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 TRANSACTION IN RELATION TO CONSTRUCTION OF A SOLAR MODULES PRODUCTION PLANT

Reference is made to the announcement of the Company dated 27 June 2022 (the “**Announcement**”) and the circular of the Company dated 20 September 2022 (the “**Circular**”), in relation to, among other things, the Land Acquisition by Hebei Zhonghua, an indirect wholly-owned subsidiary of the Company.

THE CONSTRUCTION CONTRACT

The Board is pleased to announce that on 9 November 2022 (after trading hours of the Stock Exchange), Hebei Zhonghua entered into the Construction Contract with the Contractor in relation to the construction of a solar modules production plant on the Land at the Contract Price of RMB42,000,000.

The Directors consider that the terms of the Construction Contract and the Contract Price are fair and reasonable and in the interests of the Company and the Shareholders as a whole. To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Contractor and its ultimate beneficial owner(s) are Independent Third Parties.

The Contract Price will be financed by internal resources of the Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

In respect of the Construction Contract, as one or more of the applicable percentage ratios calculated pursuant to the GEM Listing Rules exceeds 25%, the Construction Contract and the transactions contemplated thereunder constitute 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.

The EGM will be convened to consider and, if thought fit, to approve the Construction Contract and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, no Shareholder has a material interest in the Construction Contract and the transactions contemplated thereunder. Therefore, no Shareholder will be required to abstain from voting on the relevant resolution at the EGM.

A circular containing, among other things, (i) details of the Construction Contract, (ii) notice of the EGM and (iii) other information as required by the GEM Listing Rules, is expected to be despatched to the Shareholders on or before 28 December 2022.

INTRODUCTION

Reference is made to the Announcement and the Circular, in relation to, among other things, the Land Acquisition by Hebei Zhonghua.

The Board is pleased to announce that on 9 November 2022 (after trading hours of the Stock Exchange), Hebei Zhonghua, an indirect wholly-owned subsidiary of the Company, entered into the Construction Contract with the Contractor in relation to the construction of a solar modules production plant on the Land at the Contract Price.

PRINCIPAL TERMS OF THE CONSTRUCTION CONTRACT

Date: 9 November 2022 (after trading hours of the Stock Exchange)

Parties:

1. Hebei Zhonghua (as Principal); and
2. the Contractor (as the Contractor).

- Subject matter: Pursuant to the Construction Contract, the Contractor shall be responsible for the Works in relation to the construction of the new solar modules production plant, including but not limited to (a) the design, manufacturing, engineering, construction, installation, testing and commissioning, completion of and, rectification of defects in maintenance and warranty of the Works; and (b) the supply of all personnel and materials for the execution of all other work and ancillary services contingently required, whether expressly stated or not, for the completion of the Works.
- Contract Price: The total Contract Price is principally in the amount of RMB42,000,000, subject to a 3% reduction for Quality Assurance Fund, plus the safety assurance fund and tax.
- Payment terms: The Contract Price shall be paid by the Principal to the Contractor in the following manner:
- (1) Advance payment of steel structure construction

30% of the steel structure construction costs as the advance payment payable to the Contractor upon the fulfilment of the following conditions: (a) the construction of the main steel structure commences; and (b) an irrevocable independent bank guarantee of equal amount is received.
 - (2) Milestone payment

80% of the completed output value (net of provisional amount and provisional estimates) of relevant part of the Works payable upon reaching certain milestones.
 - (3) Completion payment

97% of the Contract Price payable within 30 days upon the fulfilling of certain conditions under the Construction Contract, including, among other things, the Completion of the Works.
 - (4) Quality Assurance Fund

Under the Construction Contract, 3% of the Contract Price shall be retained by the Principal (the “**Quality Assurance Fund**”) and will only be paid to Contractor within 30 days after the expiration of the 24-month warranty period if certain conditions have been met.

- Conditions precedent: The Construction Contract is conditional upon:
- (1) An ordinary resolution approving the Construction Contract and the transactions contemplated thereunder has been passed at the EGM by the Shareholders (exclusive of the Shareholders who are required to abstain from voting under the GEM Listing Rules and other applicable laws and regulations);
 - (2) The Principal has obtained all the approvals and permits required for the Construction Contract and the transactions contemplated thereunder;
 - (3) The Contractor has obtained all the approvals and permits required for the Construction Contract and the transactions contemplated thereunder.

In the event that any of the conditions set out above shall not be fulfilled by 4pm on 31 March 2023 (or such later date may be mutually agreed in writing between the Principal and the Contractor), the Construction Contract shall whereupon cease to have any effect save in respect of claims arising out of any antecedent breach of the Construction Contract.

Commencement Date: The commencement date of the Works, to be specified by the Supervisor in its notice of commencement.

Completion Date: The Works shall be completed within 365 calendar days from the Commencement Date.

- Completion:
- (1) The Contractor may submit application for completion of the Works (the “**Completion Application**”) if the following conditions have been met:
 - a) Subject to paragraph b) below (if applicable), all the Works have been completed in accordance with the specifications and terms of the Construction Contract;
 - b) In relation to the minor outstanding part of the Works for which a late completion is agreed by the Principal (the “**Outstanding Works**”), a separate agreement has been concluded between the Principal and the Contractor (the “**Outstanding Works Agreement**”) and a construction plan has been prepared by the Contractor in proper manner; and
 - c) The relevant documents have been prepared in accordance with the Construction Contract.

- (2) Provided that the Completion Application has been approved, the Principal, the Supervisor and the Contractor shall carry a joint inspection of the Works.
- (3) Provided that a satisfactory result has been achieved after the inspection of the Works, the Completion of the Works occurs.
- (4) A taking-over certificate will be issued by the Principal to the Contractor within 14 days after the Completion of the Works.

- Defects and rectification:
- (1) Subject to paragraph (2) below (if applicable), any item of Works which does not comply with the Construction Contract shall be made good, remedied, or reconstrued before the Completion Application.
 - (2) The Outstanding Works, if any, shall be completed by the Contractor in accordance with the Outstanding Works Agreement.

Basis of determination of the Contract Price

The Contract Price was determined after arm's length negotiations between Hebei Zhonghua and the Contractor on normal commercial terms with reference to the size and project design of the Works. The Directors believe that the Contract Price is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Contract Price was arrived at after consideration of the following factors: (i) the overall proposals submitted by the potential contractors; (ii) the size, technicality and quality requirement of the Works; (iii) the track record of the potential contractors on performing similar size projects; and (iv) the fee quotation of the potential contractors and their previous experience on similar projects. On this basis, the Directors consider that the Contract Price is fair and reasonable.

INFORMATION ABOUT THE PARTIES

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Contractor and its ultimate beneficial owner(s) are Independent Third Parties. The Contractor is a company incorporated in the PRC and principally engages in buildings, landscaping projects and steel structure projects construction. The Contractor was selected through invitation to tender.

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

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION CONTRACT

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

In view of the above, the Directors consider that the terms of the Construction Contract and the Contract Price are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

It is expected that the Contract Price will be financed through internal resources of the Company.

IMPLICATIONS UNDER THE GEM LISTING RULES

In respect of the Construction Contract, as one or more of the applicable percentage ratios calculated pursuant to the GEM Listing Rules exceeds 25%, the Construction Contract and the transactions contemplated thereunder constitute 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.

The EGM will be convened to consider and, if thought fit, to approve the Construction Contract and the transactions contemplated thereunder. To the best of the Directors' knowledge, information and belief, no Shareholder has a material interest in the Construction Contract and the transactions contemplated thereunder. Therefore, no Shareholder will be required to abstain from voting on the relevant resolution at the EGM.

A circular containing, among other things, (i) details of the Construction Contract, (ii) notice of the EGM and (iii) other information as required by the GEM Listing Rules, will be despatched to the Shareholders. Given that time is required for the Company to prepare and finalise the financial information of the Group to be included in the circular, the circular is expected to be despatched to the Shareholders on or before 28 December 2022.

DEFINITIONS

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

Board	the board of Directors of the Company
Company	中國科技產業集團有限公司 (China Technology Industry Group Limited), a company incorporated in the Cayman Islands, the securities of which are listed and traded on the GEM board of the Stock Exchange
Completion	the completion of the Works as provided under the Construction Contract
Construction Contract	the agreement dated 9 November 2022 entered into between Hebei Zhonghua and the Contractor in respect of the Works
Contract Price	The consideration of the Construction Contract being RMB42,000,000, subject to a 3% reduction for Quality Assurance Fund, plus the safety assurance fund and tax
Contractor	Hebei Hengshan Construction Group Limited* (河北恒山建設集團有限公司), a company incorporated under the laws of the PRC, and an Independent Third Party
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 the Construction Contract

GEM Listing Rules	Rules Governing the Listing of Securities on GEM of the Stock Exchange
Group	the Company and its subsidiaries from time to time
Hebei Zhonghua	Hebei Zhonghua Energy Equipment Co., Limited* (河北眾鑄能源裝備有限公司), a company incorporated under the laws of the PRC, and an indirectly wholly-owned subsidiary of the Company
Hong Kong	the Hong Kong Special Administrative Region of the People's Republic of China
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)
Land	Land Parcels no. 2022003, near Man Tang Village, Da Ge Town, Fengning Manchu Autonomous County, Chengde City, Hebei Province, the PRC* (中華人民共和國河北省承德市豐寧滿族自治縣大閣鎮滿堂村, 宗地編號2022003)
Land Acquisition	the acquisition of the land use rights in the Land by Hebei Zhonghua
PRC	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
Principal	Hebei Zhonghua, being the principal of the Construction Contract
Share(s)	the ordinary share(s) of HK\$0.50 each in the share capital of the Company
Shareholder(s)	the holder(s) of the Share(s)
Stock Exchange	The Stock Exchange of Hong Kong Limited
Supervisor	The supervisor of the Works as appointed under the Construction Contract

Work or Works	all the works, services, performances that the Contractor shall perform, provide and deliver under the Construction Contract, including but not limited to the construction of the solar modules production plant on the Land and other similar and incidental obligations of the Contractor under the Construction Contract
%	percentage

* For identification purpose only

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

Hong Kong, 9 November 2022

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

Executive Directors:

Chiu Tung Ping (*Chairman*)

Yuen Hing Lan

Hu Xin

Tse Man Kit Keith

Independent non-executive Directors:

Ma Xingqin

Shan Jinlan

Wang Zhuchen

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

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