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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)

ISSUE OF CONVERTIBLE BONDS UNDER GENERAL MANDATE

SUBSCRIPTION OF THE CONVERTIBLE BONDS

The Board is pleased to announce that on 30 September 2022, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds in the principal amount of HK\$32,000,000 at the initial Conversion Price of HK\$2.5 per Conversion Share.

Based on the initial Conversion Price of HK\$2.5 per Conversion Share, a total of 12,800,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds in full, which represent approximately 2.86% of the existing issued share capital of the Company and approximately 2.78% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares.

Subject to the terms and conditions set out in the Subscription Agreement, the Company and the Subscriber have conditionally agreed that the Existing Convertible Bonds shall be redeemed by the Company on Completion whereby the redemption proceeds will be applied towards the payment of and be set off against the subscription money payable by the Subscriber for the Subscription. 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.

The Conversion Shares upon exercise of the conversion rights attached to the Convertible Bonds are to be issued under the General Mandate.

Completion of the Subscription is conditional upon, among other things, the listing of, and permission to deal in the Conversion Shares being granted by the Listing Committee of the Stock Exchange. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealings in the Shares and other securities of the Company.

The Board is pleased to announce that on 30 September 2022, the Company and the Subscriber entered into the Subscription Agreement in relation to the Subscription.

PRINCIPAL TERMS OF THE SUBSCRIPTION AGREEMENT

Date: 30 September 2022

Parties: the Company, as issuer; and

the Subscriber, Ms. Zhang Jinhua, as subscriber

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber is an Independent Third Party.

The Subscription

Pursuant to the Subscription Agreement, the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to issue the Convertible Bonds in the principal amount of HK\$32,000,000.

Principal terms of the Convertible Bonds

Issuer: The Company

Principal amount: HK\$32,000,000

Issue date: Completion Date

- Maturity:** 1 April 2024 and the Company shall repay such outstanding principal amount under the Convertible Bonds together with all interest (if any) thereon up to the date of actual repayment on the Maturity Date
- Early redemption:** The Company shall be entitled to redeem in whole or in part of the outstanding principal amount of the Convertible Bonds prior to the Maturity Date upon mutual consent by the Company and the Subscriber
- Conversion rights:** The Subscriber shall have the right to convert the whole or part of the principal amount of the Convertible Bonds into Shares at any time and from time to time during the 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 Takeovers Code
- Conversion Period:** From the issue date of the Conversion Bonds to the Maturity Date
- Conversion Price:** The initial conversion price being HK\$2.5 per Conversion Share, subject to the customary adjustments in certain events including share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue and issue of other securities

Conversion Shares: Based on the initial Conversion Price of HK\$2.5, up to 12,800,000 Conversion Shares will be allotted and issued upon exercise in full of the conversion rights attaching to the Convertible Bonds, representing:

- (a) approximately 2.86% of the existing issued share capital of the Company; and
- (b) approximately 2.78% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares upon full conversion of the Convertible Bonds at the initial Conversion Price, assuming that there is no other Share to be allotted and issued

Interest: The Convertible Bonds bear no interest

- Ranking:
- (a) The Convertible Bonds constitute general, unconditional, and unsecured obligations of the Company and rank *pari passu* with all other present and future unsecured and unsubordinated obligations of the Company
 - (b) The Conversion Shares will rank *pari passu* in all respects with all other existing Shares outstanding as at the date of conversion of the Convertible Bonds

Transferability: The Convertible Bonds or any part(s) thereof may be assigned or transferred to any persons provided that no transfer or assignment may be made to any person unless such transfer or assignment is made (i) with prior approval of the Stock Exchange, if required; (ii) to a person who is independent of and not a connected person with the Company or any of its subsidiaries, the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; (iii) the proposed assignee or transferee, in the case that it/he/she is not a connected person, has given the Company a written confirmation that it/he/she is not a connected person of the Company; and (iv) the principal amount to be assigned or transferred is at least HK\$1 million and in an integral multiple of HK\$1 million in excess thereof

Voting: The Subscriber will not be entitled to attend or vote at any meetings of the Company by reason of his being the holder of the Convertible Bonds

- Listing:
- (a) No application will be made by the Company for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange
 - (b) An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares

Conversion Price

The initial Conversion Price of HK\$2.5 per Conversion Share represents:

- (i) a premium of approximately 1,443.2% over the closing price of HK\$0.1620 per Share as quoted on the Stock Exchange on 30 September 2022, being the date of the Subscription Agreement;
- (ii) a premium of approximately 1,424.4% over the average of the closing price of approximately HK\$0.1640 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Subscription Agreement; and
- (iii) a premium of approximately 1,454.7% over the average of the closing price of approximately HK\$0.1608 per Share as quoted on the Stock Exchange for the last ten consecutive trading days immediately prior to the date of the Subscription Agreement.

The initial Conversion Price 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.

Redemption of the Existing Convertible Bonds

Subject to the fulfilment of the conditions set out in the Subscription Agreement and in consideration of the Company and the Subscriber entering into the Subscription Agreement, the Company and the Subscriber have agreed that the Existing Convertible Bonds shall be redeemed by the Company on the Completion Date, whereupon 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.

Conditions Precedent

Completion of the Subscription is conditional upon:

- (i) the Subscriber receiving on or before the Completion Date 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 Completion Date by or on behalf of all parties hereto;
- (ii) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the Conversion Shares (and such listing and permission not having been subsequently revoked by the Stock Exchange prior to the Completion Date); 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.

In the event any of the conditions set out in the Subscription are not either waived or satisfied, as the case may be, by 10:00 a.m. on 1 April 2023 or such later time and/or date as may be agreed between the Company and the Subscriber, the Subscription Agreement shall automatically terminate, and no party will have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach.

Completion

Completion of the Subscription will take place on a date which shall be no later than seven Business Days following the satisfaction or waiver of each of the conditions precedent of the Subscription Agreement or such date as agreed in writing between the Subscriber and the Company.

General Mandate

The Conversion Shares will be issued under the General Mandate, subject to the limit up to 89,635,336 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 announcement, no Share has been issued by the Company under the General Mandate.

Application for listing

The Company shall make an application 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

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

The Board considers that the redemption of the Existing Convertible Bonds and the issue of the Convertible Bonds allow 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 announcement 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 announcement		Immediately upon full conversion of the Convertible Bonds at the initial Conversion Price (for illustration purpose only)	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Huang Bo	86,825,934	19.37	86,825,934	18.83
Li Xiaoyan* (李曉艷)	59,094,406	13.19	59,094,406	12.82
Huang Yuan Ming	35,548,238	7.93	35,548,238	7.71
Hou Hsiao Bing	26,228,000	5.85	26,228,000	5.69
The Subscriber	–	–	12,800,000	2.78
Public Shareholders	240,480,106	53.66	240,480,106	52.17
Total	<u>448,176,684</u>	<u>100.00</u>	<u>460,976,684</u>	<u>100.00</u>

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST 12 MONTHS

Save for the Existing Convertible Bonds, the Company has not conducted any equity fund raising activities in the past 12 months immediately preceding the date of this announcement.

Completion of the Subscription is conditional upon, among other things, the listing of, and permission to deal in the Conversion Shares being granted by the Listing Committee of the Stock Exchange. As such, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealings in the Shares and other securities of the Company.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of directors of the Company
“Business Day(s)”	a day on which commercial banks and foreign exchange markets settle payments in Hong Kong except a Sunday and a Saturday or a day on which a typhoon cyclone warning signal no. 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
“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”	completion of the Subscription
“Completion Date”	a date which shall be no later than seven Business Days following the satisfaction or waiver of each of the conditions precedent of the Subscription Agreement or such date as agreed in writing between the Subscriber and the Company
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Conversion Period”	from the issue date of the Convertible Bonds to the Maturity Date
“Conversion Price”	HK\$2.5 per Conversion Share, subject to adjustments in accordance with the terms and conditions of the Convertible Bonds
“Conversion Share(s)”	the Share(s) which may be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds
“Convertible Bonds”	zero coupon convertible bonds to be issued by the Company to the Subscriber pursuant to the Subscription Agreement
“Director(s)”	the director(s) of the Company

“Existing Convertible Bonds”	zero coupon convertible bonds registered in the name of the Subscriber with an outstanding principal amount of HK\$32,000,000, which may be converted into 12,800,000 ordinary shares of HK\$0.5 each in the share capital of the Company at a conversion price of HK\$2.5 per share
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange
“General Mandate”	the general mandate granted to the Directors pursuant to the ordinary resolution passed by the Shareholders at the annual general meeting of the Company held on 29 September 2022 to allot, issue and deal with up to 20% of the then issued share capital of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	an individual(s) or a company(ies) who or which is/are independent of and not connected with (within the meaning of the GEM Listing Rules) any of the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“Maturity Date”	1 April 2024
“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)
“Share(s)”	existing ordinary share(s) of HK\$0.5 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Ms. Zhang Jinhua, an Independent Third Party, being the subscriber of the Convertible Bonds

“Subscription”	the subscription of the Convertible Bonds by the Subscriber pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 30 September 2022 entered into between the Company and the Subscriber in relation to the Subscription
“subsidiary/subsidiaries”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial shareholder”	has the meaning ascribed to it under the GEM Listing Rules
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“%”	Percentage

* *For identification purpose only*

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

Hong Kong, 30 September 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.