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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)

**(1) MAJOR AND CONNECTED TRANSACTION
IN RELATION TO ADVANCEMENT OF LOANS;
(2) MAJOR TRANSACTION IN RELATION TO LAND ACQUISITION;
AND
(3) NOTICE OF EGM**

Financial Adviser to the Company

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
溢博資本有限公司

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**

SUNWAH KINGSWAY

新華滙富

Kingsway Capital Limited

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 17 of this circular. A letter from the Independent Board Committee containing its recommendation in respect of the Loan Agreements and the Loans is set out on pages 18 to 19 of this circular. A letter of advice from Kingsway Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 34 of this circular.

A notice convening the EGM to be held at 21/F, Block G, Beichen Huiyuan Building, Chaoyang District, Beijing, the People's Republic of China on Monday, 10 October 2022 at 11:00 a.m. (Hong Kong time) is set out on pages 52 to 55 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 Saturday, 8 October 2022 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 GEM of the Stock Exchange at www.hkgem.com on the “Latest Company Announcements” page for at least seven days from the date of its posting.

20 September 2022

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.

PRECAUTIONARY MEASURES FOR THE EGM

VOTING BY PROXY IN ADVANCE OF THE EGM

The Company does not in any way wish to diminish the opportunity available to the Shareholders to exercise their rights and to vote, but is conscious of the pressing need to protect the Shareholders from possible exposure to the novel coronavirus pneumonia (COVID-19) pandemic. For the health and safety of the Shareholders, the Company would like to remind Shareholders that they should carefully consider the risks of attending the EGM, taking into account their own personal circumstances and encourage Shareholders to exercise their right to vote at the EGM by appointing the chairman of the EGM as their proxy instead of attending the EGM in person. **Physical attendance is not necessary for the purpose of exercising Shareholders' rights. Completion and return of the proxy form will not preclude the Shareholders from attending and voting in person at the EGM or any adjournment thereof should they subsequently so wish.**

PREVENTIVE MEASURES AT THE EGM

In view of the ongoing COVID-19 pandemic and recent requirements for prevention and control of its spread, the Company will implement the following preventive measures at the EGM to safeguard the health and safety of the attending Shareholders, staff and other stakeholders:

- (i) A compulsory body temperature check will be conducted on every Shareholder, proxy and other attendees at the entrance of the EGM venue. Any person with a body temperature of over 37.3 degrees Celsius or found to be unwell will not be admitted to the EGM venue.
- (ii) All attendees will be required to complete and sign a health declaration form before admission to the EGM venue and shall hold a green health code in Mainland China.
- (iii) Every attendee will be required to wear a surgical face mask within the EGM venue. Please note that no masks will be provided at the EGM venue and attendees should bring and wear their own masks.
- (iv) Seats at the EGM venue will be arranged in such a manner so as to allow appropriate social distancing. As a result, there will be limited capacity for Shareholders. The Company may limit the number of attendees at the EGM as may be necessary to avoid overcrowding.
- (v) Any attendee who does not comply with the abovementioned measures will not be admitted to the EGM venue at the absolute discretion of the Company as permitted by law. The regulations of Beijing Municipality and the Company's prevention and control measures against the COVID pandemic must be strictly followed.
- (vi) No refreshments, corporate gifts or souvenirs will be served or distributed at the EGM.

PRECAUTIONARY MEASURES FOR THE EGM

To the extent permitted under applicable laws, the Company reserves the right to deny entry into the EGM venue or require any person to leave the EGM venue in order to ensure the safety of the attendees at the EGM.

The Company will closely monitor the development of the COVID-19 pandemic. The Company will ensure that the EGM will be conducted in compliance with the regulations or measures of the PRC government and Shareholders will not be deprived of their right of voting on the resolutions to be proposed at the EGM. Subject to the development of the COVID-19 situation, the Company may implement further precautionary measures in respect of the EGM, and may issue further announcement(s) on such measures as and when appropriate.

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 27 June 2022 in respect of the Loan Agreements, the Land Acquisition Agreement and the Transactions
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Auction”	the auction for the sale of the land use rights of the Land conducted by the Vendor which took place on 8 April 2022
“Availability Period”	13 August 2021 to 30 June 2022 (in the case of the Xizang Lineng Loan), and 29 September 2021 to 30 June 2022 (in the case of the Shaanxi Baike Loan)
“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 of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) 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, ratifying or approving (as the case may be) the Loan Agreements and the transaction contemplated thereunder
“family member(s)”	has the meaning ascribed to it under the GEM Listing Rules

DEFINITIONS

“Financial Adviser”	Rainbow Capital (HK) Limited, a corporation licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the financial adviser to the Company as to working capital sufficiency
“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* (河北眾鐸能源裝備有限公司), 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 PRC
“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 Loan Agreements and Loans
“Independent Financial Adviser”	Kingsway Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), being the independent financial adviser appointed by the Board to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Loan Agreements and the Loans
“Independent Shareholder(s)”	Shareholders of the Company other than Mr. Huang and Mr. Huang Yuan Ming and those who are required to abstain from voting at the EGM under the GEM Listing Rules
“Latest Practicable Date”	14 September 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular

DEFINITIONS

“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
“Land Acquisition Agreement”	the land acquisition agreement dated 15 April 2022 entered into between Hebei Zhonghua and the Vendor in relation to the sale of the land use rights in the Land
“Loan Agreements”	the Xizang Lineng Loan Agreement and the Shaanxi Baike Loan Agreement
“Loan Interest”	the loan interest charged by the Company under the Loan Agreements
“Loans”	the Xizang Lineng Loan and the Shaanxi Baike Loan
“majority-controlled company”	has the meaning ascribed to it under the GEM Listing Rules
“Mr. Huang”	Mr. Huang Bo, being a substantial Shareholder of the Company
“Mr. Huang Yuan Ming”	the son of Mr. Huang
“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)
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shaanxi Baike”	Shaanxi Baike New Energy Technology Development Co., Ltd.* (陝西百科新能源科技發展有限公司), a company incorporated under the laws of the PRC, and an indirectly wholly-owned subsidiary of the Company
“Shaanxi Baike Loan”	the loan provided by Shaanxi Baike to Zhangbei Zhihui Energy between 29 September 2021 to 30 June 2022 in the principal amount of up to RMB54,000,000

DEFINITIONS

“Shaanxi Baike Loan Agreement”	the loan agreement dated 27 June 2022 entered into between Shaanxi Baike and Zhangbei Zhihui Energy in relation to the provision of the Shaanxi Baike Loan
“Share(s)”	ordinary share(s) of HK\$0.50 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary/subsidiaries”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“substantial Shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Transactions”	means the Loans and the Land Acquisition, collectively
“Vendor”	Fengning Manchu Autonomous County Natural Resources and Planning Bureau* (豐寧滿族自治縣自然資源和規劃局)
“Xizang Lineng”	Xizang Lineng Solar Photovoltaic Technology Company Limited* (西藏立能光伏科技有限公司), a company incorporated under the laws of the PRC, and an indirectly wholly-owned subsidiary of the Company
“Xizang Lineng Loan”	the loan provided by Xizang Lineng to Zhangbei Zhihui Energy between 13 August 2021 to 30 June 2022 in the principal amount of up to RMB7,010,000
“Xizang Lineng Loan Agreement”	the loan agreement dated 27 June 2022 entered into between Xizang Lineng and Zhangbei Zhihui Energy in relation to the provision of the Xizang Lineng Loan
“Zhangbei Zhihui Energy”	Zhangbei Zhihui Energy Internet Demonstration Power Station Co., Ltd.* (張北智慧能源互聯網示範電站有限公司)
“%”	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:

Chiu Tung Ping (*Chairman*)

Yuen Hing Lan

Hu Xin

Tse Man Kit Keith

Registered office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

Independent non-executive Directors:

Ma Xingqin

Shan Jinlan

Wang Zhuchen

Principal place of business in Hong Kong:

Suite 704, 7th Floor,

Ocean Centre,

Harbour City,

Kowloon,

Hong Kong

20 September 2022

To the Shareholders

Dear Sir or Madam,

**(1) MAJOR AND CONNECTED TRANSACTION
IN RELATION TO ADVANCEMENT OF LOANS;
(2) MAJOR TRANSACTION IN RELATION TO LAND ACQUISITION;
AND
(3) NOTICE OF EGM**

INTRODUCTION

Reference is made to the Announcement, and the announcements of the Company dated 5 August 2022 and 2 September 2022. As disclosed in the Announcement, (i) on 27 June 2022, each of Xizang Lineng and Shaanxi Baike entered into the Loan Agreements with Zhangbei Zhihui Energy, pursuant to which Xizang Lineng and Shaanxi Baike granted the Loans to Zhangbei Zhihui Energy, and (ii) on 15 April 2022, Hebei Zhonghua and the Vendor entered into the Land Acquisition Agreement, pursuant to which the Vendor granted to Hebei Zhonghua land

LETTER FROM THE BOARD

use rights over the Land at a consideration of RMB17,000,000. The Loans would have constituted major transactions, connected transactions and advances to an entity and the Land Acquisition would have constituted a major transaction of the Company under the GEM Listing Rules.

The purpose of this circular is to provide Shareholders with, among other things, (i) details of the Loan Agreements, the Land Acquisition Agreement and the Transactions; (ii) the recommendations from the Independent Board Committee in relation to the Loan Agreements and the Loans; (iii) the advice from the Independent Financial Adviser in relation to the Loan Agreements and the Loans; and (iv) a notice of the EGM to be convened for the purpose of considering and ratifying the Loan Agreements, the Land Acquisition Agreement and the Transactions.

THE LOANS

On 27 June 2022, each of Xizang Lineng and Shaanxi Baike entered into the Loan Agreements with Zhangbei Zhihui Energy. The principal terms of the Loan Agreements are as follows:

Date	:	27 June 2022 (after trading hours of the Stock Exchange)
Parties	:	(1) Xizang Lineng (as the lender under the Xizang Lineng Loan) (2) Shaanxi Baike (as the lender under the Shaanxi Baike Loan) (3) Zhangbei Zhihui Energy (as the borrower under the Loans)
Loans	:	unsecured loans in the principal amounts of up to RMB7,010,000 (in the case of the Xizang Lineng Loan) and RMB54,000,000 (in the case of the Shaanxi Baike Loan), in one or multiple drawdown(s) during the respective Availability Period
Actual principal amount advanced	:	RMB7,010,000 (in the case of the Xizang Lineng Loan) and RMB53,695,644 (in the case of the Shaanxi Baike Loan)
Availability Period	:	13 August 2021 to 30 June 2022 (in the case of the Xizang Lineng Loan) and 29 September 2021 to 30 June 2022 (in the case of the Shaanxi Baike Loan)

LETTER FROM THE BOARD

Interest : the Company is entitled to Loan interest at the 1-year loan prime rate issued by the National Interbank Funding Centre, i.e. approximately 3.7% per annum, (approximately RMB630,871.60, after taking into account interest income tax) accruing from the respective dates of the first drawdown of the Loans up to the date of the respective repayment of the principal of the Loans

Repayment : Zhangbei Zhihui Energy shall repay each drawdown in full, together with accrued interest and any other amount owing in respect of such drawdown no later than the end of the respective Availability Period. Any amount repaid will not be available for drawdown by Zhangbei Zhihui Energy.

The principal amounts of Xizang Lineng Loan and Shaanxi Baike Loan were repaid in full on 15 December 2021 and 30 March 2022, respectively. The interest under the Loans have been repaid in full as at the date of the Announcement.

During the Availability Period, Zhangbei Zhihui Energy had made multiple drawdowns and repayments. As such, the total amount of Loan Interest was calculated as follows:

Xizang Lineng Loan

Date	Event	Outstanding principal amount (RMB)	Total Loan Interest on outstanding principal amount (RMB)
13 August 2021	Drawdown of RMB60,000.00	60,000.00	0.00
31 August 2021	Drawdown of RMB400,000.00	460,000.00	109.00
28 September 2021	Drawdown of RMB1,000,000.00	1,460,000.00	1,415.00
22 October 2021	Drawdown of RMB600,000.00	2,060,000.00	4,967.00
28 October 2021	Drawdown of RMB2,800,000.00	4,860,000.00	6,220.00

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Date	Event	Outstanding principal amount (RMB)	Total Loan Interest on outstanding principal amount (RMB)
18 November 2021	Drawdown of RMB2,150,000.00	7,010,000.00	16,566.00
15 December 2021	Repayment of RMB7,010,000.00	0.00	<u>35,752.00</u>
Total amount of Loan Interest received on Xizang Lineng Loan:			35,752.00
<i>Less taxes payable on Loan Interest income (being 6% of Loan Interest income)</i>			<u>(2,145.12)</u>
Net Loan Interest received on Xizang Lineng Loan:			<u><u>33,606.88</u></u>

Shaanxi Baike Loan

Date	Event	Outstanding principal amount (RMB)	Total Loan Interest on outstanding principal amount (RMB)
29 September 2021	Drawdown of RMB18,495,644.00	18,495,644.00	0.00
30 September 2021	Drawdown of RMB4,000,000.00	22,495,644.00	1,875.00
25 November 2021	Drawdown of RMB4,200,000.00	26,695,644.00	129,576.00
10 December 2021	Drawdown of RMB1,000,000.00	27,695,644.00	170,168.00
13 December 2021	Drawdown of RMB21,000,000.00	48,695,644.00	178,591.00
15 December 2021	Repayment of RMB10,040,000.00	38,655,644.00	188,464.00
19 January 2022	Drawdown of RMB5,000,000.00	43,655,644.00	325,612.00
30 March 2022	Repayment of RMB43,655,644.00	0.00	<u>635,388.00</u>
Total amount of Loan Interest received on Shaanxi Baike Loan:			635,388.00
<i>Less taxes payable on Loan Interest income (being 6% of Loan Interest income)</i>			<u>(38,123.28)</u>
Net Loan Interest received on Shaanxi Baike Loan:			<u><u>597,264.72</u></u>

LETTER FROM THE BOARD

Pursuant to the Loan Agreements, at the dates of the respective Loan Agreements, Zhangbei Zhihui Energy had repaid Xizang Lineng and Shaanxi Baike all outstanding principal amounts and interest.

Information on the parties

Xizang Lineng is a company incorporated under the laws of the PRC, and an indirectly wholly-owned subsidiary of the Company. Xizang Lineng is principally engaged in the sales of solar power and wind power related products in the PRC.

Shaanxi Baike is a company incorporated under the laws of the PRC, and an indirectly wholly-owned subsidiary of the Company. Shaanxi Baike is principally engaged in (i) sales of renewable energy products; and (ii) new energy power system integration business, in the PRC.

Zhangbei Zhihui Energy is a limited liability company established in the PRC and is principally engaged in the construction, establishment, design, operation and consultation of solar power plant projects and other business relating to renewable energy. Zhangbei Zhihui Energy is owned indirectly by Mr. Huang and Mr. Huang Yuan Ming as to approximately 51% and 40%, respectively.

The remaining approximately 9% indirect interest of Zhangbei Zhihui Energy is owned by Ms. Liu Lijuan* (劉麗娟). To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, Ms. Liu Lijuan* (劉麗娟) is a third party independent of the Company and its connected persons.

Reasons and benefits of the Loans

In the past, Zhangbei Zhihui Energy had also provided the Company with short-term loan advances for its short term working capital needs. As at 31 March 2020 and 31 March 2021, the amounts of short-term loan advances provided by Zhangbei Zhihui Energy in favour of the Company were RMB36,950,000 and RMB24,024,000, respectively.

The Loans were granted by the Group to Zhangbei Zhihui Energy at the request of Zhangbei Zhihui Energy, due to its temporary need for short-term working capital especially under the then COVID-19 pandemic situation. During the Availability Period, there had been repayments made by Zhangbei Zhihui Energy and/or its designated parties from time to time depending on their working capital position, and the entire actual principal amounts and interest of the Loans had been repaid by Zhangbei Zhihui Energy before the end of the relevant Availability Period. Furthermore, the interest rates charged on the Loans were based on national benchmarks in the PRC, and thus on normal commercial terms.

LETTER FROM THE BOARD

The Company had made credit assessments of Mr. Huang and Mr. Huang Yuan Ming, being two of the ultimate beneficial holders of Zhangbei Zhihui Energy as to approximately 51% and 40%, respectively. The Company had reviewed the value of the assets held by Mr. Huang, and the net assets of companies controlled by Mr. Huang Yuan Ming, and noted that the financial resources of Mr. Huang and Mr. Huang Yuan Ming were sufficient to cover the Loans.

Based on the above, the Directors (save for the independent non-executive Directors whose views shall be set out in the circular) believe that the terms and conditions of the Loan Agreements are on normal commercial terms and are fair and reasonable and that the Loan Agreements are in the interests of the Company and its shareholders as a whole.

Although the Loans were granted without collateral, since (i) Zhangbei Zhihui Energy had also provided the Company with short-term loan advances for its short term working capital needs in the past, (ii) the Company had sufficient idle cash, (iii) the Company's idle cash was mainly deposited in banks in the PRC with an interest rate lower than the Loan Interest rate, and (iv) the Company had performed the abovementioned credit checks on Mr. Huang and Mr. Huang Yuan Ming, the Directors nevertheless believe that the Loans were in the interests of the Company and its shareholders as a whole.

GEM Listing Rules implications of the Loans

As at the Latest Practicable Date, Zhangbei Zhihui Energy, being a majority-controlled company held indirectly by Mr. Huang and Mr. Huang Yuan Ming, is an associate of Mr. Huang. Mr. Huang is a substantial Shareholder of the Company. Accordingly, Zhangbei Zhihui Energy is a connected person of the Company under the GEM Listing Rules and the Loans would have constituted connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

Since the Loans were advanced within 12 months of each other, the Loans were required to be aggregated as a series of transactions pursuant to Rules 19.22 and 20.79 of the GEM Listing Rules. As the highest applicable percentage ratio of the Loans (on an aggregated basis) exceeds 25% but is below 100%, the Loans would have constituted non-exempt connected transactions of the Company and would have been subject to the reporting, announcement, circular, and Independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

In light of the above, the Loans (on an aggregated basis) would have also constituted major transactions on the part of the Company and would have been subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As the amount of the Loans (on an aggregated basis) exceeds 8% based on the assets ratio as defined in Rule 17.15 of the GEM Listing Rules, the Loans would have also been subject to the general disclosure obligation of Rule 17.17 of the GEM Listing Rules.

LETTER FROM THE BOARD

None of the Directors has any material interest in the transaction contemplated under any of the Loans. As such, none of the Directors were required to abstain from voting on the Board resolution in relation to the approval of the Loans and Loan Agreements.

THE LAND ACQUISITION

On 8 April 2022, the Company had, through Hebei Zhonghua, an indirectly wholly-owned subsidiary of the Company, won a bid at the Auction (by tender) for the Land Acquisition at a consideration of RMB17,000,000. Hebei Zhonghua entered into a confirmation letter with the Vendor on 8 April 2022 and entered into a land use rights transfer agreement with the Vendor in respect of the Land Acquisition on 15 April 2022.

A summary of some of the key terms of the Land Acquisition is set out in the following:

Date of the Land Acquisition Agreement	:	15 April 2022
The Vendor	:	Fengning Manchu Autonomous County Natural Resources and Planning Bureau* (豐寧滿族自治縣自然資源和規劃局)
Location of the 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)
Site area	:	37,378.68 m ²
Term of land use rights	:	50 years
Land use	:	Industrial use

Consideration and payment

The consideration of the Land Acquisition is RMB17,000,000, all of which has been paid on or before 15 May 2022. The payment for the Land Acquisition was settled by the internal resources available to the Group.

The consideration is the price of the final bid made by Hebei Zhonghua at the Auction. As the Auction (by tender) is open to other bidders as well, the Directors consider that the consideration is fair and reasonable and in the interest of the Shareholders as a whole having taken into account the location and potential development prospects of the Land.

LETTER FROM THE BOARD

Information about the parties

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.

The Vendor is a governmental body established by the PRC government and is responsible for, among other things, organizing the planning on use of land and natural resources.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Basic information of the Land and the land use rights acquired

Please refer to Appendix II- Land Valuation Report.

Reasons and benefits of the Land Acquisition

As disclosed in the announcement of the Company dated 8 April 2022, the Group had previously considered setting up a solar modules production plant in Hebei. To this end, the Group had acquired the Land with the intention of setting up the solar modules production plant thereon. As explained in the announcement of the Company dated 8 April 2022, as the freight and insurance expenses involved in transporting components increase greatly with the distance of transportation, the Company believes that 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.

Based on the above, the Directors believe that the Land Acquisition is fair and reasonable, and is in the interests of the shareholders of the Company as a whole.

LETTER FROM THE BOARD

Financial impact on the Group

The consideration of the Land Acquisition is RMB17,000,000, all of which has been paid on or before 15 May 2022. The payment for the Land Acquisition was settled by the internal resources available to the Group. As a result of the above, the financial effects of the Land Acquisition to the Group are: (i) an increase of asset arising from the Land amounting to RMB17 million; and (ii) a decrease of net cash position by RMB17 million. Save as the abovementioned, the Directors consider that the Land Acquisition did not have any other material effect on the total assets, total liabilities and earnings of the Group.

GEM Listing Rules implications of the Land Acquisition

As the highest applicable percentage ratio of the Land Acquisition exceeds 25% but is below 100%, the Land Acquisition would have constituted a major transaction on the part of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

REMEDIAL MEASURES

During the review of the annual results of the Company for the year ended 31 March 2022, the Transactions were identified. It was noted that the Loans would have constituted major transactions, connected transactions and advances to an entity, while the Land Acquisition would have constituted a major transaction, on the part of the Company under the GEM Listing Rules. The Board regretfully admits that the Company had failed to comply with the reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules in respect of the Transactions (the "**Non-Compliances**"), and that such Non-Compliances were due to the oversight of the Company, and can be avoided going forward.

Based upon the Group's internal review of the Non-Compliances in June 2022, it was discovered that the Non-Compliances were due to a lack of understanding by the Group's PRC operational teams that the Transactions were subject to reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules. As such, the Group's PRC operational teams had not informed the Group's GEM Listing Rules compliance team of the Transactions in a timely fashion, and hence the Company did not make timely disclosure of the Transactions.

LETTER FROM THE BOARD

In order to prevent the occurrence of similar non-compliance incidents in the future and to comply with the requirements under the GEM Listing Rules, the Company has taken the following remedial measures:

1. The Company has reviewed the ledger of its subsidiaries and checked for any transactions that are required to be disclosed under the GEM Listing Rules.
2. The Company has engaged an independent internal control consultant to conduct a scenario analysis on the Non-Compliances and a review on the internal control system and policies of the Group.
3. On the recommendation of the internal control consultant, the Company has adopted a Connected Party Transaction Policy shortly after the Company's discovery of the Non-Compliances. The Connected Party Transaction Policy covers areas including identification of connected parties, approval procedures of connected party transactions, etc. The Connected Party Transaction Policy has been circulated to the Directors and PRC operation team.
4. The Company has circulated the internal memo within the Group for identifying and reporting notifiable transactions. The Company has adopted a Notifiable Transaction Policy and a flow chart which including identifying notifiable transactions, reporting procedures, etc. The Notifiable Transaction Policy and a flow chart have been circulated to the Directors and PRC operation team.
5. The Company will seek legal advice and/or other professional advice from time to time as and when it is necessary to ensure proper compliance with the relevant requirements under the GEM Listing Rules.
6. The Company has required major shareholders to declare their most up-to-date connected parties. Furthermore, the Company has performed preliminary checking for any transactions conducted with such connected parties.
7. The Company will arrange for training sessions for all of the Directors and PRC operation team in relation to the relevant GEM Listing Rules.

The Company takes the incident seriously and will strive to avoid the re-occurrence of similar events in the future.

LETTER FROM THE BOARD

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 Loan Agreements and the Loans.

Kingsway 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 Loan Agreements and the Loans.

Your attention is drawn to the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders set out on pages 18 to 19 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 20 to 34 of this circular.

EGM

Set out on pages 52 to 55 is a notice convening the EGM to be held at 21/F, Block G, Beichen Huiyuan Building, Chaoyang District, Beijing, the People's Republic of China on Monday, 10 October 2022 at 11:00 a.m. (Hong Kong time) for the purpose of considering and, if thought fit, ratifying each of the Loan Agreements, the Land Acquisition Agreement and the Transactions.

In the event that the resolutions ratifying each of the Loan Agreements, the Land Acquisition Agreement and the Transactions are not approved at the EGM, the Company may take certain remedial or rectification measures. In respect of the Loans, the Company may seek to return the Loan Interest earned back to Zhangbei Zhihui Energy. In respect of the Land Acquisition, under the terms of the Land Acquisition Agreement, the Company may apply to the Vendor for the return of the Land, and recover the consideration of the Land Acquisition. However, under the terms of the Land Acquisition Agreement, the return of the Land is subject to the approval by the relevant local People's Government, and the Company will not be entitled to recover any deposits paid as part of the consideration of the Land Acquisition, or any expenditures made on buildings, structures or ancillary facilities on the Land. The Company cannot guarantee whether the approval for the return of the Land will be successfully obtained from the local People's Government.

Any Shareholder who is interested in the Loan Agreements, the Land Acquisition Agreement or the Transactions shall abstain from voting on the resolution(s) to approve the same at the EGM. Each of Mr. Huang and Mr. Huang Yuan Ming, and his associates, will abstain from voting on the resolution to ratify the Loans at the EGM. As at the Latest Practicable Date, such Shareholders collectively hold 122,374,172 Shares, representing approximately 27.3% of the issued share capital of the Company.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder is interested in the Land Acquisition and will be required to abstain from voting on the resolution to ratify and approve the Land Acquisition at the EGM.

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 Saturday, 8 October 2022 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 Wednesday, 5 October 2022 to Monday, 10 October 2022, 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 Monday, 3 October 2022.

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 Loan Agreements and the Land Acquisition 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 for ratifying the Loans and the Land Acquisition to be proposed at the EGM.

LETTER FROM THE BOARD

Your attention is also drawn to (i) the letter from the Independent Board Committee, (ii) the letter from the Independent Financial Adviser and (iii) the appendices to this circular.

By Order of the Board
China Technology Industry Group Limited
Chiu Tung Ping
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 Loan Agreements and the Loans.



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 ADVANCEMENT OF LOANS

We refer to the circular of the Company dated 20 September 2022 (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 Loan Agreements and the Loans. Kingsway 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 20 to 34 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 Loan Agreements and the Loans, the advice of Kingsway Capital Limited, and the relevant information contained in the letter from the Board in the Circular, we consider that the Loan Agreements and the Loans are (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 ratify the Loan Agreements and the Loans.

Yours faithfully,

For and on behalf of

Independent Board Committee

Ma Xingqin

Shan Jinlan

Wang Zhuchen

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the letter of advice from Kingsway Capital Limited to the Independent Board Committee and the Independent Shareholders prepared related to advancement of Loans for the purpose of inclusion in this circular.



20 September 2022

*The Independent Board Committee and the Independent Shareholders of
China Technology Industry Group Limited*

Dear Sirs,

MAJOR AND CONNECTED TRANSACTION IN RELATION TO ADVANCEMENT OF LOANS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Loan Agreements and the Loans, details of which are set out in the Letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 20 September 2022 issued to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular, unless otherwise specified.

On 27 June 2022, each of Xizang Lineng and Shaanxi Baike entered into the Loan Agreements with Zhangbei Zhihui Energy, pursuant to which Xizang Lineng and Shaanxi Baike granted the Loans to Zhangbei Zhihui Energy.

As at the Latest Practicable Date, Zhangbei Zhihui Energy, being a majority-controlled company held indirectly by Mr. Huang and Mr. Huang Yuan Ming, is an associate of Mr. Huang. Mr. Huang is a substantial Shareholder of the Company. Accordingly, Zhangbei Zhihui Energy is a connected person of the Company under the GEM Listing Rules and the Loans would have constituted connected transactions of the Company under Chapter 20 of the GEM Listing Rules.

Since the Loans were advanced within 12 months of each other, the Loans were required to be aggregated as a series of transactions pursuant to Rules 19.22 and 20.79 of the GEM Listing Rules. As the highest applicable percentage ratio of the Loans (on an aggregated basis) exceeds 25% but is below 100%, the Loans would have constituted non-exempt connected transactions of the Company and would have been subject to the reporting, announcement, circular, and Independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

The Loans (on an aggregated basis) would have also constituted major transactions on the part of the Company and would have been subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 19 of the GEM Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee comprising Ms. Ma Xingqin, Ms. Shan Jinlan and Mr. Wang Zhuchen (all being the independent non-executive Directors), has been established to advise the Independent Shareholders as to whether (i) the terms of Loan Agreements are entered into on normal commercial term, fair and reasonable and in the interest of the Company and Shareholders as a whole; and (ii) to vote in favour of the resolutions to be proposed at the EGM. We, Kingsway Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

We are independent from and not connected with the Group, its substantial shareholders, directors or chief executive, or any of their respective associates pursuant to Rule 17.96 of the GEM Listing Rules. During the last two years, we have not been engaged as any financial adviser to the Company. Accordingly, we are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders regarding the Loan Agreements.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have considered, among other things, (i) the Circular; (ii) the Loan Agreements; (iii) the annual report of the Company for each of the two years ended 31 March 2022 (the “**2021 Annual Report**” and the “**2022 Annual Report**”); and (iv) relevant market data and information available from public sources and the website of the Stock Exchange. We have also relied on all relevant information and representations supplied, and the opinions expressed, by the Directors and the management of the Company (the “**Management**”). We have assumed that all such information and representations contained or referred to in the Circular are true and accurate in all material respects as at the date thereof. The Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have also confirmed that, having made all reasonable enquiries and to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no material facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have found no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Company, and they have confirmed that no material information have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We believe that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, nor have we conducted an independent investigation into the business affairs, operations, financial position or future prospects of each of the Company, the Purchaser, and any of their respective subsidiaries and associates and parties acting in concert with them.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendations to the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreements and the Loans, we have taken into consideration the following principal factors and reasons:

I. Information of the Xizang Lineng, Shaanxi Baike and the Group

Xizang Lineng is a company incorporated under the laws of the PRC, and an indirectly wholly-owned subsidiary of the Company. Xizang Lineng is principally engaged in the sales of solar power and wind power related products in the PRC.

Shaanxi Baike is a company incorporated under the laws of the PRC, and an indirectly wholly-owned subsidiary of the Company. Both Shaanxi Baike and the Group are principally engaged in (i) sales of renewable energy products; and (ii) new energy power system integration business, in the PRC.

The table below sets forth a summary of the financial highlights of the Group for the three years ended 31 March 2022 as extracted from the 2021 Annual Report and the 2022 Annual Report:

	For the year ended 31 March		
	2020	2021	2022
	(RMB'000)	(RMB'000)	(RMB'000)
	(Audited)	(Audited)	(Audited)
Revenue	91,086	276,933	72,215
(Loss)/profit for the year	(30,853)	68,992	(3,729)

Comparison between the year ended 31 March 2021 and 2020

The total revenue of the Group increased from approximately RMB91.1 million for the year ended 31 March 2020 to approximately RMB276.9 million for the year ended 31 March 2021, representing an increase of approximately 204.0%. According to the 2021 Annual Report, the increase of total revenue of the Group was mainly attributable to revenue generated from the sales of renewable energy products of approximately RMB231.1 million during the year ended 31 March 2021 where the revenue generated therefrom during the year ended 31 March 2020 was approximately RMB25.8 million, which was partly offset by the decrease in revenue generated during the year ended 31 March 2021 from the rendering of new energy power system integration services by approximately RMB19.4 million when compared to the year ended 31 March 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group recorded a net loss of approximately RMB30.9 million for the year ended 31 March 2020 and recorded profit for the year of approximately RMB69.0 million for the year ended 31 March 2021.

Comparison between the year ended 31 March 2022 and 2021

The total revenue of the Group decreased from approximately RMB276.9 million for the year ended 31 March 2021 to approximately RMB72.2 million for the year ended 31 March 2022, representing a decrease of approximately 73.9%. According to the 2022 Annual Report, the decrease of total revenue of the Group was mainly due to the completion of the 500MW solar power project and 300MW wind power project in Zhangbei county, the PRC, during the year ended 31 March 2022. 500MW solar power project and 300MW wind power project in Zhangbei county, the PRC, have contributed over RMB507 million revenue to the Group over past three years.

The Group recorded a net loss of approximately RMB3.7 million for the year ended 31 March 2022.

Set out below is a summary of the consolidated financial position of the Group, as extracted and summarised from the 2021 Annual Report and 2022 Annual Report:

	As at 31 March 2020	As at 31 March 2021	As at 31 March 2022
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
	(Audited)	(Audited)	(Audited)
Total assets	141,559	218,914	165,949
Total liabilities	132,451	130,972	81,359
Net assets	9,108	87,942	84,590

The net assets of Group increased from approximately RMB9.1 million as at 31 March 2020 to approximately RMB87.9 million as at 31 March 2021. The net assets of Group slightly decreased from approximately RMB87.9 million as at 31 March 2021 to approximately RMB84.6 million as at 31 March 2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

II. Information on Zhangbei Zhihui Energy

Zhangbei Zhihui Energy is a limited liability company established in the PRC and is principally engaged in the construction, establishment, design, operation and consultation of solar power plant projects and other business relating to renewable energy. Zhangbei Zhihui Energy is owned indirectly by Mr. Huang and Mr. Huang Yuan Ming as to approximately 51% and 40%, respectively.

III. Terms and reasons for and benefits of the Loans

1. *Principal terms of the Loan Agreements*

On 27 June 2022, each of Xizang Lineng and Shaanxi Baike entered into the Loan Agreements with Zhangbei Zhihui Energy. The principal terms of the Loan Agreements are as follows:

Date:	27 June 2022 (after trading hours of the Stock Exchange)
Parties:	(1) Xizang Lineng (as the lender under the Xizang Lineng Loan) (2) Shaanxi Baike (as the lender under the Shaanxi Baike Loan) (3) Zhangbei Zhihui Energy (as the borrower under the Loans)
Loans:	unsecured loans in the principal amounts of up to RMB7,010,000 (in the case of the Xizang Lineng Loan) and RMB54,000,000 (in the case of the Shaanxi Baike Loan), in one or multiple drawdown(s) during the respective Availability Period
Actual principal amount advanced:	RMB7,010,000 (in the case of the Xizang Lineng Loan) and RMB53,695,644 (in the case of the Shaanxi Baike Loan)
Availability Period:	13 August 2021 to 30 June 2022 (in the case of the Xizang Lineng Loan) and 29 September 2021 to 30 June 2022 (in the case of the Shaanxi Baike Loan)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Interest:	the Company is entitled to Loan interest at the 1-year loan prime rate issued by the National Interbank Funding Centre, i.e. approximately 3.7% per annum, accruing from the respective dates of the first drawdown of the Loans up to the date of the respective repayment of the principal of the Loans
Repayment:	<p>Zhangbei Zhihui Energy shall repay each drawdown in full, together with accrued interest and any other amount owing in respect of such drawdown no later than the end of the respective Availability Period. Any amount repaid will not be available for drawdown by Zhangbei Zhihui Energy.</p> <p>The principal amounts of Xizang Lineng Loan and Shaanxi Baike Loan were repaid in full on 15 December 2021 and 30 March 2022, respectively. The interest under the Loans have been repaid in full as at the date of the Announcement.</p>

2. Reasons for and benefits of the Loan Agreements

As stated in the Letter from the Board, Zhangbei Zhihui Energy had also provided the Company with short-term loan advances for its short term working capital needs in the past. As at 31 March 2020 and 31 March 2021, the amounts of short-term loan advances provided by Zhangbei Zhihui Energy in favour of the Company were RMB36,950,000 and RMB24,024,000, respectively.

The Loans were granted by the Group to Zhangbei Zhihui Energy at the request of Zhangbei Zhihui Energy, due to its temporary need for short-term working capital especially under the then COVID-19 pandemic situation. As such, on the condition that the business operation of the Company was not affected and the Company has idle cash, the Loans granted to Zhangbei Zhihui Energy would be able to receive interest income in return. As advised by the Management, during the Availability Period, there had been repayments made by Zhangbei Zhihui Energy and/or its designated parties from time to time depending on their working capital position, and the entire actual principal amounts and interest of the Loans had been repaid by Zhangbei Zhihui Energy before the end of the relevant Availability Period. We understand from the Management that each of Xizang Lineng and Shaanxi Baike entered into the Loan Agreements with Zhangbei Zhihui Energy to record, confirm and agree on as well as to govern the arrangements concerning the Loans and to comply with the requirement to enter into a written agreement for connected transactions under Rule 20.32 of the GEM Listing Rules in relation to the grant of the Loans. Xizang Lineng and Shaanxi Baike have earned interest under the terms of the Loan Agreements which the interest rates charged on the Loans were based on national benchmarks in the PRC.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In assessing the fairness and reasonableness of the Loan Agreements, we have considered:

(a) the financial position and cash availability of the Group

Based on the financial statements of the Group as at 31 March 2020 and 31 March 2021, the Group has bank balances and cash of approximately RMB4.1 million and RMB1.9 million respectively. In addition, based on the bank and cash balances record of the Group, the Group has at all time maintained positive bank balances and cash during the Availability Period. As confirmed by the Management, such balance of cash was more than sufficient for the working capital needs of the Group's operation. In addition, based on the monthly bank balances record of the Group, the Group maintained sufficient bank balance for its daily operation. As further confirmed by the Management, the Group did not encounter any liquidity problem during the Availability Period.

(b) Default risk

As stated in the Letter from the Board, the use of the Loans by Zhangbei Zhihui Energy was due to its short-term working capital needs especially under the current COVID-19 pandemic situation. According to a schedule of the Loans and repayment record provided by the Company, we noted that there had been repayment of the Loans from Zhangbei Zhihui Energy from time to time and among the loans granted during the Availability Period, the period of repayment by Zhangbei Zhihui Energy was in fact no longer than 182 days. Further, we have selected and checked to all repayment records during the Availability Period, all outstanding principal amount and the Loan Interest of the Loans have been repaid from Zhangbei Zhihui Energy and its designated parties to the Company. The Company represented that there has been no loan granted to Zhangbei Zhihui Energy subsequent to the Loans were fully repaid. The Company had also made credit assessments of Mr. Huang and Mr. Huang Yuan Ming, being two of the ultimate beneficial holders of Zhangbei Zhihui Energy as to approximately 51% and 40%, respectively. The Company had reviewed the value of the assets held by Mr. Huang, and the net assets of companies controlled by Mr. Huang Yuan Ming, and noted that the financial resources of Mr. Huang and Mr. Huang Yuan Ming were sufficient to cover the Loans. In this regard, we have obtained and checked the share register for the assets held by Mr. Huang and the financial statements of company controlled by Mr. Huang Yuan Ming for the year ended 31 December 2021 and three months ended 31 March 2022 noted that it was in net assets position during the respective year and period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that Zhangbei Zhihui Energy (i) repaid the Loans with no longer than 182 days during the Availability Period; (ii) had no default history; (iii) had its ultimate beneficial holders with sufficient net assets to cover the Loans; and (iv) had no outstanding loan as at the date of the Loan Agreements, we concur with the Management that there was no default risk of the Loans.

(c) *Interest rates and terms of maturity of the Loan Agreements*

Pursuant to the Loan Agreements, each of Xizang Lineng and Shaanxi Baike are entitled to Loan Interest at the relevant loan prime rate issued by the National Interbank Funding Centre accruing from the date of grant of the relevant Loans up to the repayment date. We have obtained the calculation schedules of the loan interests in respect of the Loans during the Availability Period and reperformed the calculation thereof. According to the calculation schedules, the loan interest rates applied in the calculation were 3.7% during the Availability Period. We noted that such interest rates were in line with the one-year loan prime rate as published monthly by the People's Bank of China as of the date of the Loan Agreements entered. Given the Availability Period was about one year, we considered the interest rate of the Loans by benchmarking with the one-year loan prime rate is reasonable. As further advised by the Management, the Group's idle cash were mainly placed in banks in the PRC or as demand deposits in banks in the PRC. As at the Latest Practicable Date, the prevailing benchmark interest rate for demand deposits in the PRC as promulgated by the People's Bank of China was approximately 1.50% per annum. Therefore, it is more favourable to the Group and the Shareholders to receive interests from the Loans with interest rate of 3.70% per annum than placing the idle cash in banks as demand deposits. In addition, in order to assess the fairness and reasonableness of the interest rate of the Loans, we have conducted independent research from the public domain on comparable transactions (the "**Comparable Transactions**") which (i) were announced by companies listed on the Stock Exchange from 1 January 2022 and up to 31 March 2022 (the "**Review Period**"), which in our view represents a sufficient period of time to reflect the prevailing market conditions for conducting such transactions as the Review Period covers the entire Availability Period; (ii) involved the provision of financial assistances by way of loans by companies listed in Hong Kong; (iii) constituted connected transactions of the issuers under the Listing Rules or GEM Listing Rules. Shareholders should note that the business, operations, and prospects of the Comparable Transactions may not be identical to those of the Company and we have not conducted any in-depth investigation into the respective businesses and operations of the Comparable Transactions. However, we consider that the Comparable Transactions could provide a general reference as to the common market practice of companies listed in Hong Kong for conducting similar transactions under the Loan Agreements. To the best of our knowledge and on a best-effort basis, we have identified an exhaustive list of 29 Comparable Transactions which fit our selection criteria.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set forth below is a comparison of the Comparable Transactions during the Review Period:

	Name of Company	Stock Code	Date of announcement	Interest rate per annum	Term to maturity (month)
1	Sun Art Retail Group Limited	6808	9 March 2022	3.70%	12
2	JW (Cayman) Therapeutics Co. Ltd	2126	6 March 2022	3.60%	12
3	51 Credit Card Inc.	2051	31 January 2022	5.80%	36
4	Xinyuan Property Management Service (Cayman) Ltd.	1895	12 January 2022	Nil (Note 1)	4
5	Allied Group Limited	373	4 January 2022	10.00%	15
6	Petro-King Oilfield Services Limited	2178	30 December 2021	8.00%	12
7	Joy City Property Limited	207	16 December 2021	1.50% (Note 2)	12
8	Touyun Biotech Group Limited	1332	10 December 2021	12.00%	2
9	Bojun Education Company Limited	1758	8 December 2021	4.75%	36
10	Most Kwai Chung Limited	1716	19 November 2021	1.50% (Note 3)	60
11	TCL Electronics Holdings Limited	1070	11 November 2021	8.00% (Note 4)	36
12	51 Credit Card Inc.	2051	14 September 2021	5.80%	36
13	Cheshi Holdings Limited	1490	12 September 2021	6.00%	36
14	Legend Holdings Corporation	3396	10 August 2021	7.50% (Note 5)	36
15	Lee's Pharmaceutical Holdings Limited	950	16 July 2021	4.00%	12
16	Zhi Sheng Group Holdings Limited	8370	2 June 2021	6.00%	30
17	GBA Holdings Limited	261	1 June 2021	7.00%	24
18	Lee's Pharmaceutical Holdings Limited	950	28 May 2021	4.00%	12
19	China Glass Holdings Limited	3300	29 April 2021	7.00%	12
20	Smart-Core Holdings Limited	2166	28 April 2021	8.00%	12
21	Lee's Pharmaceutical Holdings Limited	950	28 April 2021	4.00%	12
22	Cogobuy Group	400	16 April 2021	6.00%	36
23	Lee's Pharmaceutical Holdings Limited	950	26 March 2021	4.00%	12
24	China Communications Construction Company Limited	1800	5 February 2021	7.50%	Not disclosed
25	Greentown China Holdings Limited	3900	5 February 2021	7.50%	Not disclosed
26	Lee's Pharmaceutical Holdings Limited	950	1 February 2021	4.00%	12
27	Kader Holdings Company Limited	180	22 January 2021	12.00%	36
28	Baiying Holdings Group Limited	8525	15 January 2021	5.00%	11
29	China Jinmao Holdings Group Limited	817	14 January 2021	6.53% (Note 6)	12
			Maximum	12.00%	60
			Minimum	0.00%	2
			Average	5.89%	21
	Xizang Lineng			3.70%	9
	Shaanxi Baike			3.70%	10

Note 1: As disclosed in the announcement of Xinyuan Property Management Service (Cayman) Ltd. ("Xinyuan") dated 12 January 2022, there were two loans amounting to a total of approximately HK\$110.9 million provided by Xinyuan to its controlling shareholder in March 2020. The loans were provided for the purpose of offshore funding needs by the controlling shareholder. As stated in the announcement of Xinyuan, the board of Xinyuan did not submit the abovementioned transactions for the approval by its independent shareholders since the loans were fully repaid on 30 June 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- Note 2: As disclosed in the announcement of Joy City Property Limited dated 16 December 2021, the interest of the loan was referenced to the prevailing benchmark interest rate for demand deposits in the PRC as promulgated by the People's Bank of China from time to time. As at the Latest Practicable Date, the prevailing benchmark interest rate for demand deposits in the PRC as promulgated by the People's Bank of China is 1.5% per annum, as announced by the website of PBOC. For comparison purpose only, demand deposit rate of 1.5% per annum was taken for the analysis of the Comparable Transactions. Further, the loan was provided by a property development company held jointly by (i) an indirectly wholly-owned subsidiary of Joy City Property Limited; and (ii) the connected person as an early distribution of profit to them on a pro-rata basis according to their shareholding interest in the project company.
- Note 3: As disclosed in the announcement of Most Kwai Chung Limited dated 19 November 2021, a wholly-owned subsidiary of Most Kwai Chung Limited provided a back-to-back loan to company held by its connected person for the sole purpose of such connected person providing the shareholders' loan to a joint venture company held by Most Kwai Chung Limited and such connected person.
- Note 4: As disclosed in the announcement of TCL Electronics Holdings Limited dated 11 November 2021, for illustration purpose, as at 30 September 2021, the historical interest rates of unsecured loans under the master financial agreement (TCL Holdings) (2020-2022) ranged from 3.2% to 8.0%. For comparison purpose only, the highest interest rate was taken for the analysis of the Comparable Transactions.
- Note 5: As disclosed in the announcement of Legend Holdings Corporation dated 10 August 2021, during the term, the interest rate of each shareholder loan to be and guarantee fees provided by the company or its subsidiaries to Better Education and its subsidiaries shall not be lower than the prevailing costs of financing obtained by the company in the market. Depending on actual situations, the interest rates of shareholder loans shall not be lower than the prevailing interest rates of borrowings obtained from independent third-party banks or financing institutions or the interest rates of the corporate bonds issued by the company. As per the interim report of Legend Holdings Corporation for the period ended 30 June 2021, the annual interest rates of its bonds listed as of 30 June 2021 ranged from 0% to 7.50%. For comparison purpose only, the highest interest rate was taken for the analysis of the Comparable Transactions.
- Note 6: As disclosed in the announcement of China Jinmao Holdings Group Limited dated 14 January 2021, the interest of the loan is by reference to the loan prime rate for the loans of the same term as published by the National Interbank Funding Center from time to time, subject to a floating range of 50% higher or lower than such rate. For comparison purpose only, the highest interest rate was taken for the analysis of the Comparable Transactions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As shown in the above table, we note that:

- (1) the interest rates of the Comparable Transactions ranged from nil to 12.00% per annum with an average of approximately 5.89% per annum. The interest rate of the Loans of 3.70% is within the range of the Comparable Transactions. There are also certain Comparable Transactions involving larger loan amount but with nil or lower interest rate. For instance, the loans provided by Xinyuan Property Management Service (Cayman) Ltd (Stock Code: 1895) in aggregate amounted to approximately HK\$111.9 million were at nil interest rate, and the loans provided by Joy City Property Limited (Stock Code: 207) amounted to RMB1,100 million were at interest rate of 1.5% per annum;
- (2) the interest rate of the Loans was near the low-end range of Comparable Transaction and was lower than the average interest rate of the Comparable Transactions. Despite such, we noted that (i) out of the 29 Comparable Transactions, the interest rates for 14 Comparable Transactions were lower than the average interest rates of approximately 5.89% per annum; and (ii) among the 15 Comparable Transactions which interest rates were higher than the average interest rates of approximately 5.89% per annum, after excluding the Comparable Transactions for China Communication Construction Company Limited (Stock Code: 1800) and Greentown China Holdings Limited (Stock Code: 3900) where term to maturity were not disclosed, the term to maturity for 25 Comparable Transactions were longer than the Availability Period of the Loans and therefore, it is reasonable for them to charge a higher interest rate. Based on the aforesaid and also taken in account the fact that Zhangbei Zhihui Energy has granted certain loans to the Group since June 2019 which was interest-free and unsecured, we are of the view that the interest rate of the Loans, although was lower than the average interest rate of the Comparable Transactions and was near the low-end range of Comparable Transaction, is reasonable and not exceptional; and
- (3) the terms to maturity of the Comparable Transactions ranged from 2 months to 60 months with an average term to maturity of approximately 21 months. The term of the Loans ranged from 9 to 10 months falls within the range and below the average of that of the Comparable Transactions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above, considering that (i) the Company has sufficient idle cash and the Loans were granted without affecting the business operation of the Group; and (ii) there is no default risk on the principal amount and interest income of the Loans as all outstanding principal amount and the Loan Interest of the Loans had been repaid to the Company and no Loans have been granted to Zhangbei Zhihui Energy and its designated parties subsequent to the Availability Period and up to the Latest Practicable Date; and (iii) the Company would be able to receive interest income of approximately RMB630,871.60 in return at interest rate of approximately 3.70% per annum, which is higher than the prevailing benchmark interest rate for demand deposit in the PRC as promulgated by the People's Bank of China of 1.50% per annum, we concur with the view of the Management that the terms of the Loan Agreements are in the interests of the Company and the Shareholders as a whole.

3. Review of internal control and risk management procedures in respect of the Loan Agreements

As disclosed in the Board Letter, during the review of the annual results of the Company for the year ended 31 March 2022, the Loans were identified. It was noted that the Loans would have constituted major transactions, connected transactions and advances to an entity under the GEM Listing Rules. As advised by the Management, the failure by the Company to comply with the reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules in respect of the Loans was due to the oversight of the Company and lack of understanding by the Group's PRC operational teams that the Transactions were subject to reporting, announcement and Independent Shareholders' approval requirements under the GEM Listing Rules.

Upon becoming aware of the incidents, the Management has sought professional advice from its legal advisors immediately as to the requirements under the GEM Listing Rules for the Loans. The Company was informed that the Loans would constitute a financial assistance from the Group to its connected person, and that the Company would not have complied in full with the requirements under Chapter 19 and Chapter 20 of the GEM Listing Rules. In the circumstances, the Company has immediately taken all initiatives to re-comply with the GEM Listing Rules as soon as it can. The Loan Agreements were entered into by the respective parties to record, confirm and agree on as well as to govern the arrangements concerning the Loans from each of Xizang Lineng and Shaanxi Baike to Zhangbei Zhihui Energy, and to re-comply with the requirement to enter into a written agreement for connected transactions under Rule 20.32 of GEM Listing Rules. Xizang Lineng and Shaanxi Baike were also benefit from the interest income under the terms of the Loan Agreements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In order to prevent the occurrence of similar non-compliance incidents in the future and to comply with the requirements under the GEM Listing Rules, the Company has taken the following remedial measures:

1. The Company has reviewed the ledger of its subsidiaries and checked for any transactions that are required to be disclosed under the GEM Listing Rules.
2. The Company has engaged an independent internal control consultant to conduct a scenario analysis on the Non-Compliances and a review on the internal control system and policies of the Group.
3. On the recommendation of the internal control consultant, the Company has adopted a Connected Party Transaction Policy shortly after the Company's discovery of the Non-Compliances. The Connected Party Transaction Policy covers areas including identification of connected parties, approval procedures of connected party transactions, etc. The Connected Party Transaction Policy has been circulated to the Directors and PRC operation team.
4. The Company has circulated the internal memo within the Group for identifying and reporting notifiable transactions. The Company has adopted a Notifiable Transaction Policy and a flow chart which including identifying notifiable transactions, reporting procedures, etc. The Notifiable Transaction Policy and a flow chart have been circulated to the Directors and PRC operation team.
5. The Company will seek legal advice and/or other professional advice from time to time as and when it is necessary to ensure proper compliance with the relevant requirements under the GEM Listing Rules.
6. The Company has required major shareholders to declare their most up-to-date connected parties. Furthermore, the Company has performed preliminary checking for any transactions conducted with such connected parties.
7. The Company will arrange for training sessions for all of the Directors and PRC operation team in relation to the relevant GEM Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In this regard, we have reviewed the record and enquired with the Management in relation to the details of such internal control and risk management procedures, in particular (i) Connected Party Transaction Policy adopted by the Company in June 2022 in relation to Chapter 20 of the GEM Listing Rules; and (ii) Notifiable Transaction Policy and a flow chart adopted by the Company in July 2022 in relation to Chapter 19 of the GEM Listing Rules. In addition, the Management has also reviewed the relevant records of the Group and confirmed that no other connected transactions of the Company are not in full compliance with the GEM Listing Rules. Based on the above, we concur with the Management's view that adequate measures were in place to ensure full compliance with the GEM Listing Rules by the Company in future and the interests of the Shareholders would be safeguarded.

IV. Financial effect of the Loan Agreements

(i) Earnings

Pursuant to the Loan Agreements, the Company is entitled to Loan interest at the 1-year loan prime rate issued by the National Interbank Funding Centre, i.e. approximately 3.7% per annum, accruing from the respective dates of the first drawdown of the Loans up to the date of the respective repayment of the principal of the Loans. The earnings attributable to shareholders of the Company was enhanced by interest income derived from the Loans, being approximately RMB630,871.60.

(ii) Net asset value

The advancement of the Loans was entirely financed by the Group's internal resources. During the Availability Period, there had been repayments made by Zhangbei Zhihui Energy and/or its designated parties from time to time depending on their working capital position, and the entire actual principal amounts and interest of the Loans had been repaid by Zhangbei Zhihui Energy before the end of the relevant Availability Period. Saved for the expected increase in earnings resulting from the interest on the Loans during the year ended 31 March 2022, there is no material impact on net asset value from the Loan Agreements.

Shareholders should note that above analysis are for illustrative purpose only and do not purport to represent the financial position of the Group as a result of the Loan Agreements.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the principal factors and reasons discussed above, we are of the view that the entering into of the Loan Agreements, although not in ordinary and usual course of business of the Group, are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders, and recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the proposed resolutions to be proposed at the EGM to ratify the Loan Agreements and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Kingsway Capital Limited
Rabo Leung
Chief Operating Officer

Note:

Mr. Rabo Leung is licensed under the Securities and Futures Ordinance as a Responsible Officer to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Leung has over 20 years of experience in the corporate finance industry in Hong Kong.

APPENDIX I FINANCIAL INFORMATION IN RELATION TO THE GROUP

1. INFORMATION OF GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 March 2020, 2021 and 2022 and the unaudited consolidated results of the Group for the three months ended 30 June 2022 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinatechsolar.com):

- (i) annual report of the Company for the year ended 31 March 2020 published on 26 June 2020 (pages 58 to 151)
<https://www1.hkexnews.hk/listedco/listconews/gem/2020/0626/2020062601775.pdf>
- (ii) annual report of the Company for the year ended 31 March 2021 published on 29 June 2021 (pages 58 to 145)
<https://www1.hkexnews.hk/listedco/listconews/gem/2021/0629/2021062902180.pdf>
- (iii) 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>
- (iv) first quarterly report of the Company for the three months ended 30 June 2022 published on 10 August 2022 (pages 7 to 11)
<https://www1.hkexnews.hk/listedco/listconews/gem/2022/0810/2022081000445.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 July 2022, 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>RMB'000</i>
Non-trade related payables (unsecured and unguaranteed)	16,194
Other loans (unsecured and unguaranteed)	21,324
Lease liabilities (secured by rental deposits and unguaranteed)	295
Convertible bonds (unsecured and unguaranteed)	<u>27,346</u>
Total	<u><u>65,159</u></u>

APPENDIX I FINANCIAL INFORMATION IN RELATION TO THE GROUP

Save as aforesaid, the Group did not, as at the close of business on 31 July 2022, have any 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 Transactions, 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 2022, the Group's revenue amounted to approximately RMB72.2 million, representing a decrease of approximately 73.9 per cent as compared with approximately RMB276.9 million recorded for the year ended 31 March 2021, mainly attributable to the fact that, the Company had recently completed its 500MW solar power project, and 300MW wind power project, in Zhangbei county, the PRC (collectively, the "**Zhangbei Project**"), being its only project in recent years. After the completion of the Zhangbei Project, the Company had signed the sale and installation of solar modules agreement in relation to the Hebei Project (as defined in the supplemental announcement in relation to the third quarterly report for the 9 months ended 31 December 2021 of the Company dated 8 April 2022), for a consideration of RMB48,000,000.

The Group's gross profit margin was approximately 18.2% for the year ended 31 March 2022, as compared to approximately 18.9% for the year ended 31 March 2021. The decrease in gross profit margin was mainly attributable to the increasing cost on procuring renewable energy products. With the economic activities resumed to normal after the outbreak of COVID-19 being substantially under control in 2021, many companies rush to purchase renewable energy products in order to catch up with the progress of the delayed projects. As such, the price of renewable energy products increased.

APPENDIX I FINANCIAL INFORMATION IN RELATION TO THE GROUP

The revenue generated from the sales of renewable energy products was approximately RMB72.2 million for the year ended 31 March 2022 (2021: approximately RMB231.1 million), accounting for approximately 100.0% of the Group's total revenue (2021: approximately 83.4%). The decrease in the revenue was mainly due to the completion of the Zhangbei Project during the year ended 31 March 2022. Zhangbei Project has contributed over RMB507 million revenue to the Group over past 3 years.

There was no revenue generated from the new energy power system integration business during the year ended 31 March 2022 (2021: RMB45.9 million).

The Group has been identifying and exploring other new business opportunities in the renewable energy sector and to broaden its sources of income to bring return to the Group and its shareholders.

Considering the PRC government's long-term encouragement on distributed photovoltaic power generation, 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.

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 returns to the Shareholders.

5. FINANCIAL EFFECTS OF LOANS AND LAND ACQUISITION ON EARNINGS, ASSETS AND LIABILITIES OF GROUP

The Loans

The advancement of the Loans was entirely financed by the Group's internal resources. During the Availability Period, there had been repayments made by Zhangbei Zhihui Energy and/or its designated parties from time to time depending on their working capital position, and the entire actual principal amounts and interest of the Loans had been repaid by Zhangbei Zhihui Energy before the end of the relevant Availability Period. As a result of the above, (i) the earnings attributable to shareholders of the Company will be enhanced by interest income derived from the Loans, being approximately RMB630,871.60, after taking into account interest income tax; and (ii) no material impact on net assets value from the Loan Agreements.

Land Acquisition

The consideration of the Land Acquisition is RMB17,000,000, all of which has been paid on or before 15 May 2022. The payment for the Land Acquisition was settled by the internal resources available to the Group. As a result of the above, the financial effects of the Land Acquisition to the Group are: (i) an increase of asset arising from the Land amounting to RMB17 million; and (ii) a decrease of net cash position by RMB17 million. As a result, there was no material effect on the total assets, total liabilities and earnings of the Group.

The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this circular received from Masterpiece Valuation Advisory Limited, an independent valuer, in connection with its valuation as at 31 July 2022 of the property interests.



Suite 403, 93-103 Wing Lok Street,
Sheung Wan, Hong Kong

WEB: www.mpv.com

20 September 2022

The Board of Directors

China Technology Industry Group Limited

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

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of China Technology Industry Group Limited (the “Company”) and its subsidiaries (hereinafter together referred to as the “Group”) for us to carry out the valuation of the property interests located in Dong Fang Hong Cha Chang, Paitou Town, Zhuji City, Zhejiang Province, the People’s Republic of China (the “PRC”) held by the Group. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the property interests as at 31 July 2022 (the “Valuation Date”).

VALUATION STANDARDS

In valuing the property interests, we have complied with all the requirements set out in Chapter 8 of the Rules Governing the Listing of Securities on GEM issued by The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”), the HKIS Valuation Standards (2020 Edition) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published from time to time by the International Valuation Standards Council.

BASIS OF VALUATION

Our valuation is carried out on a Market Value basis, which is defined as “*the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion*”.

VALUATION ASSUMPTIONS

Our valuation of the property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In the course of our valuation of the property in the PRC, we have assumed that transferable land use rights in respect of the property for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled. We have relied on the advice given by the Group regarding the title to the property. For the purpose of our valuation, we have assumed that the grantee has an enforceable title to the property.

In valuing the property in the PRC, we have assumed that the grantees or the users of the property have free and uninterrupted rights to use or to assign the property for the whole of the unexpired term as granted.

Unless noted in the report, vacant possession is assumed for the property concerned.

Moreover, we have assumed that the design and construction of the properties are/will be in compliance with the local planning regulations and requirements and had been/would have been duly examined and approved by the relevant authorities.

Continued uses assumes the properties will be used for the purposes for which the properties are designed and built, or to which they are currently adapted. The valuation on the property in continued uses does not represent the amount that might be realised from piecemeal disposition of the property in the open market.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed. Moreover, it is assumed that all required licences, consents or other legislative or administrative authority from any local, provincial or national government or private entity or organisation either have been or can be obtained or renewed for any use which the report covers.

It is also assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the valuation report. In addition, it is assumed that the utilisation of the land and improvements are within the boundaries of the properties described and that no encroachment or trespass exists, unless noted in the report.

We have further assumed that the properties were not transferred or involved in any contentious or non-contentious dispute as at the valuation date. We have also assumed that there was not any material change of the properties in between dates of our inspection and the valuation date.

VALUATION METHODOLOGY

In the course of our valuation, unless otherwise stated, we have valued the properties in their designated uses with the understanding that the properties will be used as such (hereafter referred to as “continued uses”).

In valuing the property interests, we have valued by market approach which is generally by comparing recent market evidence of similar properties located in the neighborhood area of the property. Adjustments are considered to reflect the differences in various aspects including market conditions, size, location, time, age, quality and any other relevant factors when comparing such sales against the property. This approach is commonly used to value properties where reliable market evidence is available.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property interests in the PRC. Where possible, we have examined the original documents to verify the existing title to the property interest in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate. In the course of our valuation, we have relied considerably on the legal opinion given by the Company’s PRC legal adviser – DeHeng Law Offices, concerning the validity of title of the property interests in the PRC.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the Property. The site inspection was carried out on 26 July 2022 by Cassie Li (Analyst of Masterpiece Valuation Advisory Limited). However, we have not carried out an investigation on site to determine the suitability of ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or the legal or other professional advisers on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of properties, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our valuations are summarized below and the valuation certificates are attached.

Yours faithfully,
For and on behalf of
Masterpiece Valuation Advisory Limited
Sr Oswald W Y Au
MHKIS(GP) AAPI MSc(RE)
Registered Professional Surveyor (GP)
Managing Director

Note: Mr. Oswald W Y Au is a member of Hong Kong Institute of Surveyors (General Practice), Associate Member of Australian Property Institute and a Registered Professional Surveyor (General Practice) registered with Surveyors Registration Board. He has over 10 years' experience in financial valuation and property valuation in Hong Kong, the PRC, the U.S. and Asia Pacific region.

VALUATION CERTIFICATE

Property interests held by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2022 RMB
1.	A parcel of land located in Man Tang Village, Da Ge Town, Fengning Manchu Autonomous County, Chengde City, Hebei Province, the PRC	<p>The property comprises 1 parcel of land with a total site area of approximately 37,378.68 sq.m..</p> <p>The property is located in Man Tang Village, Da Ge Town, Fengning Manchu Autonomous County, with approximately 8km to Fengning Train Station and 14km to Fengning Bus Station.</p> <p>The land use rights of the property have been granted for a term expiring on 15 April 2072 for industrial use.</p>	The property is currently vacant as of the valuation date.	17,700,000 (100% interest attributable to the Target Company: 17,700,000)

Notes:

- i. Pursuant to State-owned Land Use Rights Grant Contract – No. (2022) 006 dated 15 April 2022 issued by Fengning Manchu Autonomous County Natural Resources and Planning Bureau, the land use rights of a parcel of land with a site area of approximately 37,378.68 sq.m. have been granted to Hebei Zhonghua Energy Equipment Co., Limited, an indirectly wholly-owned subsidiary of the Company, for a land use right term of 50 years for industrial use at a total land premium of approximately RMB17,000,000.

As revealed from the aforesaid Contract, the property is subject to the following material development conditions:

Permitted Gross Floor Area:	26,200 sq.m.
Plot Ratio:	≥0.7
Site Coverage:	≥30%
Green Area Coverage:	≤20%
Height Restriction:	≤25m

- ii. Pursuant to the Real Estate Ownership Certificate – Ji (2022) Feng Ning Man Zu Zi Zhi Xian Bu Dong Chan Quan Di No.0002217 dated 11 July 2022 with a total site area of approximately 37,378.68 sq.m. has been vested to Hebei Zhonghua Energy Equipment Co., Limited, for a term of approximately 50 years for industrial use.

- iii. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, *inter alia*, the following:
- a. Hebei Zhonghua Energy Equipment Co., Limited has legally obtained the land use right;
 - b. The property can be legally occupied, used, leased or disposed by Hebei Zhonghua Energy Equipment Co., Limited; and
 - c. The property was not pledged.
- iv. In our valuation, we have made reference to some transaction price references of land comparable in the subject and nearby development. We have adopted the range of unit rates between RMB400 to RMB500 per sq.m. The unit rates assumed by us are consistent with the said price reference. Due adjustments to the unit rates of those price references have been considered to reflect factors including but not limited to time, location and size in arriving at the key assumptions.
- v. A summary of major certificates/licenses is shown as follows:
- a. Real Estate Ownership Certificate Yes

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 <i>(Note 1)</i>	Approximate percentage of the issued share capital of the Company
Tse Man Kit Keith <i>(Executive Director)</i>	Beneficial Owner	2,487,469 (L)	0.56%

Notes:

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

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 ¹	Approximate percentage of the issued share capital of the Company ²
Huang Bo ³	Beneficial Owner	86,825,934 (L)	19.37%
Li Xiao Yan* (李曉豔)	Beneficial Owner	59,094,406 (L)	13.19%
Huang Yuan Ming ³	Beneficial Owner	35,548,238 (L)	7.93%
Hou Hsiao Bing ⁴	Beneficial Owner	26,228,000 (L)	5.85%

* for identification purpose only

Notes:

- The Letter "L" represents long positions in the Shares or underlying Shares.
- As at the Latest Practicable Date, the total issued Shares was 448,176,684 Shares.
- Mr. Huang Yuan Ming is the son of Mr. Huang Bo, a substantial shareholder of the Company.
- Hou Hsiao Bing was a Director until his retirement 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 2022 (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 2022 (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
Kingsway Capital Limited	A corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Masterpiece Valuation Advisory Limited	Qualified property valuers
Rainbow Capital (HK) Limited	A corporation licensed 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, Kingsway Capital Limited, Masterpiece Valuation Advisory Limited and Financial Adviser 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 2022, being the date to which the latest published audited consolidated accounts of the Group were made up.

Each of Kingsway Capital Limited, Masterpiece Valuation Advisory Limited and Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion of the letter from Kingsway Capital Limited dated 20 September 2022, the report from Masterpiece Valuation Advisory Limited dated 20 September 2022, and the confirmation on working capital sufficiency, respectively, 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 Ms. Ma Xingqin, Ms. Shan Jinlan and Mr. Wang Zhuchen, with Ms. Ma Xingqin acting as the chairman. The primary duties of the audit committee 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:

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.

Ms. Shan Jinlan

Ms. Shan Jinlan, aged 50, received a junior college degree of Finance (Money and Banking) from The Open University of China (formerly known as China Central Radio and TV University* (中央廣播電視大學)) and obtained the intermediate accounting certificate from the Ministry of Finance of the People's Republic of China in 2004. She previously worked at various companies that specialise in renewable energy and has accumulated extensive experience in finance and accounting. Ms. Shan was appointed as an independent non-executive Director on 1 April 2021.

Mr. Wang Zhuchen

Mr. Wang Zhuchen, aged 28, received a Bachelor of Economic Law from Northwest University of Political Science and Law and is a qualified lawyer in the PRC. He has worked at Shaanxi Yunde Law Firm in Shaanxi, the PRC since 2016 and has accumulated diverse experience in civil and commercial cases, construction-related matters and corporate-related matters. Mr. Wang was appointed as an independent non-executive Director on 1 April 2021.

10. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of the Group within two years immediately preceding the issue of this circular:

- (a) The agreement dated 30 September 2020 entered into between Hami Dongke New Energy Technology Development Co., Ltd* (哈密東科新能源科技發展有限公司)(“**Hami Dongke**”) and the Shaanxi Branch of the China Construction Bank Corporation (中國建設銀行股份有限公司)(“**CCB Shaanxi Branch**”), pursuant to which Hami Dongke agreed to subscribe for certain non-principal guaranteed wealth management product with floating income from CCB Shaanxi Branch in an aggregate amount of RMB40,000,000 from 30 September 2020 to 8 October 2020;
- (b) The Land Acquisition Agreement; and
- (c) The Loan Agreements.

Save from the above, as at the Latest Practicable Date, no contracts (contracts not being entered into in the ordinary course of business carried on or intended to be carried on by the Group) were entered into by the members of the Group within the two years immediately preceding the date 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. Chan Mi Ling, Anita who is a certified public accountant registered with the Hong Kong Institute of Certified Public Accountants, a fellow member of the Institute of Chartered Accountants in England and Wales and a fellow member of the Association of Chartered Certified Accountants. Ms. Chan Mi Ling, Anita holds a Master degree in Business Administration from the University of Western Sydney in Australia and a Master degree in Professional Accounting from Jinan University in the People’s Republic of China.
- (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) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

12. DOCUMENTS ON DISPLAY

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 Xizang Lineng Loan Agreement;
- (ii) the Shaanxi Baike Loan Agreement;
- (iii) the Land Acquisition Agreement;
- (iv) the letter from the Independent Financial Adviser, the text of which is set out on pages 20 to 34 of this circular;
- (v) the valuation report of the Land prepared by Masterpiece Valuation Advisory Limited, the text of which is set out in Appendix II to this circular; and
- (vi) the written consents referred to in the paragraph ended “8. Expert and Consent” in this appendix.

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 21/F, Block G, Beichen Huiyuan Building, Chaoyang District, Beijing, the People’s Republic of China on Monday, 10 October 2022 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

1. “**THAT:**
 - a. the loan agreement dated 27 June 2022 and entered into between Xizang Lineng Solar Photovoltaic Technology Company Limited* (西藏立能光伏科技有限公司)(“**Xizang Lineng**”) and Zhangbei Zhihui Energy Internet Demonstration Power Station Co., Ltd.* (張北智慧能源互聯網示範電站有限公司)(“**Zhangbei Zhihui Energy**”) in relation to, among other things, the provision of loan by Xizang Lineng to Zhangbei Zhihui Energy between 13 August 2021 and 30 June 2022 in the principal amount of up to RMB7,010,000 (the “**Xizang Lineng Loan Agreement**”), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
 - b. 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 Xizang Lineng Loan Agreement and the transactions contemplated thereunder; and

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- c. any act done or documents executed (if necessary, under the common seal of the Company) by any director of the Company in relation to or for the purpose of giving effect to the Xizang Lineng Loan Agreement and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified.”
2. **“THAT:**
- a. the loan agreement dated 27 June 2022 and entered into between Shaanxi Baike New Energy Technology Development Co., Ltd.* (陝西百科新能源科技發展有限公司)(“**Shaanxi Baike**”) and Zhangbei Zhihui Energy in relation to, among other things, the provision of loan by Shaanxi Baike to Zhangbei Zhihui Energy between 29 September 2021 and 30 June 2022 in the principal amount of up to RMB54,000,000 (the “**Shaanxi Baike Loan Agreement**”), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- b. 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 Shaanxi Baike Loan Agreement and the transactions contemplated thereunder; and
- c. any act done or documents executed (if necessary, under the common seal of the Company) by any director of the Company in relation to or for the purpose of giving effect to the Shaanxi Baike Loan Agreement and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified.”
3. **“THAT:**
- a. the land acquisition agreement dated 15 April 2022 and entered into between Hebei Zhonghua Energy Equipment Co., Limited* (河北眾鐮能源裝備有限公司)(“**Hebei Zhonghua**”) and Fengning Manchu Autonomous County Natural Resources and Planning Bureau* (豐寧滿族自治縣自然資源和規劃局) in relation to, among other things, the sale and purchase of the land use rights in respect of the land parcel 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) with a site area of approximately 37,378.68 m² for a term of 50 years (the “**Land Acquisition Agreement**”), and the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;

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- b. 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 Land Acquisition Agreement and the transactions contemplated thereunder; and
- c. any act done or documents executed (if necessary, under the common seal of the Company) by any director of the Company in relation to or for the purpose of giving effect to the Land Acquisition Agreement and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified.”

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

Hong Kong, 20 September 2022

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 Wednesday, 5 October 2022 to Monday, 10 October 2022, 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 Monday, 3 October 2022.
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.

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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 Saturday, 8 October 2022 or not later than 48 hours before the time appointed for any adjourned meeting of the EGM.
 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 GEM Listing Rules, 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.
- * *For identification purpose only*

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

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 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 GEM at www.hkgem.com on the "Latest Company Announcements" page for at least seven days from the date of its posting.