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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8111)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO THE EPC CONTRACT**

THE EPC CONTRACT

Reference is made to the voluntary announcement of the Company dated 22 September 2023 (the “**Announcement**”) in relation to the Cooperation Agreement entered into between Sanmenxia Baike and its Project Partner. Unless otherwise stated, capitalised terms used herein shall bear the same meanings as defined in the Announcement.

As disclosed in the Announcement, the Group will construct on idle land a Photovoltaic Power Plant, a Wind Power Plant and an Energy Storage Power Plant. The Board is pleased to announce that on 21 June 2024 (after trading hours), Sanmenxia Baike, an indirect wholly-owned subsidiary of the Company, entered into the EPC Contract with Hebei Han Neng in relation to, among other things, the construction of the Energy Storage Power Plant in Sanmenxia in Henan Province in the PRC.

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

Date: 21 June 2024 (after trading hours)

Parties: (1) Sanmenxia Baike (as the principal); and
(2) Hebei Han Neng (as the EPC contractor).

Subject matter: Pursuant to the EPC Contract, Hebei Han Neng shall be responsible as the EPC contractor for the Works in relation to (a) the construction of an Energy Storage Power Plant with a capacity of 30MW/180MWh in the Industrial Agglomeration Area of in Sanmenxia in Henan Province* (河南省三門峽市產業集聚區) of the PRC (the “**Henan Energy Storage Power Plant**”), including but not limited to the construction drawing design, materials procurement, construction and testing of the Henan Energy Storage Power Plant; and (b) the completion of various formalities required for the completion of the construction of the Henan Energy Storage Power Plant.

Contract Price and payment terms: The total Contract Price is in the amount of RMB180,000,000 (inclusive of 10% tax).

The Contract Price is broken down into the following:

Completion of construction of the Works and connection of the Henan Energy Storage Power Plant with the national power grid	RMB153,000,000
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Completion of construction of the Works and connection of the Henan Energy Storage Power Plant with the national power grid for not less than three months	RMB18,000,000
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5% of the Contract Price shall be retained by Sanmenxia Baike and will only be paid to Hebei Han Neng after the expiration of a 24-month warranty period after the completion of the Works (“ Quality Assurance Fund ”).	RMB9,000,000
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Under the terms of the EPC Contract, Sanmenxia Baike may satisfy the Contract Price either through (at its sole and absolute discretion) (i) bank borrowings, and/or (ii) Sanmenxia Baike paying to Hebei Han Neng 80% of the gross profits generated from the Henan Energy Storage Power Plant beginning from the point in time at which the Henan Energy Storage Power Plant is connected with the national power grid and until the entire Contract Price is settled (subject to the Quality Assurance Fund).

Condition precedent:

The EPC Contract is conditional upon:

- (1) (Where applicable) an ordinary resolution approving the EPC Contract and the Transaction being passed at the EGM (exclusive of the Shareholders who are required to abstain from voting under the GEM Listing Rules and other applicable laws and regulations);
- (2) Sanmenxia Baike having obtained all the approvals required for the signing the EPC Contract and the Transaction; and
- (3) Hebei Han Neng having obtained all the approvals required for signing the EPC Contract and the Transaction.

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

Commencement date:

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

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

Completion date:

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

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

Completion of the Works:

- (1) Hebei Han Neng may submit an application for completion and inspection of the Works (the “Completion and Inspection Application”) to the Supervisor if the following conditions have been met:
 - i. all the Works, including all testing, trial operation, inspection and acceptance procedures within the scope of the EPC Contract, have been completed in accordance with the requirements under the EPC Contract, save for any outstanding and defect rectification Work that will be completed during a two-year defect liability period, as agreed by the Supervisor;
 - ii. the documentation for completion of the Works has been prepared in accordance with the terms and amount set out in the EPC Contract;
 - iii. a list of outstanding and defect rectification Works, and their respective construction plans, have been prepared in accordance with the Supervisor’s requirements;
 - iv. other Works that the Supervisor has required to be completed by Hebei Han Neng before the Completion and Inspection Application have been completed; and
 - v. the list of information requested by the Supervisor as part of a Completion and Inspection Application, has been provided to the Supervisor.
- (2) Provided that the Supervisor has confirmed that the conditions set out in paragraph (1) have been met, the Supervisor shall invite Sanmenxia Baike to inspect the Works within 28 days after the Supervisor has received the Completion and Inspection Application from Hebei Han Neng.
- (3) Provided that Sanmenxia Baike has agreed to accept the Works after inspection, the Supervisor shall issue an acceptance certificate signed by Sanmenxia Baike to Hebei Han Neng within 56 days after the Supervisor has received the Completion and Inspection Application from Hebei Han Neng.

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

Basis of determination of the Contract Price

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

INFORMATION ABOUT THE PARTIES

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

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

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

REASONS FOR AND BENEFITS OF ENTERING INTO THE EPC CONTRACT

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

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

The Directors noted that the terms of the EPC Contract were more favourable to the Group than those offered by the Independent Third Parties sampled. Having also taken into account the above reasons and benefits, the Directors (excluding the independent non-executive Directors who will express their view after receiving advice from the Independent Financial Adviser) are of the view that the terms of the EPC Contract are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and in the interests of the Company and its shareholders as a whole. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no member of the Board has any material interest in the Transaction.

IMPLICATIONS UNDER THE GEM LISTING RULES

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

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

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the EPC Contract and the Transaction. The Company will appoint the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the EPC Contract and the Transaction.

The EGM will be convened for the Independent Shareholders to approve the Transaction. Each of Mr. Huang, Mr. Huang Yuanming and Ms. Zhang Jinhua, and his/her associates, will abstain from voting on the resolution to approve the Transaction at the EGM.

A circular containing, among other things, further particulars of the Transaction together with the recommendations of the Independent Board Committee, a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and a notice convening the EGM are expected to be dispatched to the Shareholders of the Company within 15 business days after publication of this announcement.

DEFINITIONS

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

Company	中國科技產業集團有限公司 (China Technology Industry Group Limited), a company incorporated in the Cayman Islands, the securities of which are listed and traded on the GEM board of the Stock Exchange
Contract Price	The consideration of the EPC Contract, being RMB180,000,000 (inclusive of 10% tax), subject to a 5% reduction of Quality Assurance Fund
EGM	an extraordinary general meeting of the Company to be convened and held for the purposes of, among other matters, considering and, if thought fit, approving or ratifying (as the case may be) the EPC Contract and the Transaction

EPC Contract	the agreement dated 21 June 2024 entered into between Sanmenxia Baike and Hebei Han Neng in respect of the Works
GEM Listing Rules	Rules Governing the Listing of Securities on GEM of the Stock Exchange
Group	the Company and its subsidiaries from time to time
Hebei Han Neng	河北漢能售電有限公司， a company incorporated under the laws of the PRC and (i) indirectly held as to 60% by Mr. Huang Yuanming, (ii) indirectly held as to 15% by Mr. Huang Ming, (iii) indirectly held as to 22.5% by Ms. Zhang Jinhua, an executive Director, and (iv) indirectly held as to 2.5% by a relative (as defined under the GEM Listing Rules) of Ms. Zhang Jinhua
Hong Kong	the Hong Kong Special Administrative Region of the People’s Republic of China
Independent Board Committee	the independent board committee of the Board comprising all independent non-executive Directors to advise the Independent Shareholders in respect of the Transaction
Independent Financial Adviser	the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the EPC Contract
Independent Shareholder(s)	shareholder(s) of the Company who are independent and have no interest in the EPC Contract or the Transaction
Independent Third Party(ies)	any person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, is/are not connected with the Company and its connected persons (as defined in the GEM Listing Rules)
Mr. Huang	Mr. Huang Bo, being an executive Director and a substantial shareholder of the Company
Mr. Huang Ming	the brother of Mr. Huang

Mr. Huang Yuanming	Mr. Huang Yuanming, being an executive Director and the son of Mr. Huang
MW	megawatt(s)
MWh	megawatt-hour(s)
PRC	the People's Republic of China (for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
Sanmenxia Baike	Sanmenxia Baike New Energy Co., Ltd.* (三門峽百科新能源有限公司), a company incorporated under the laws of the PRC, and an indirectly wholly-owned subsidiary of the Company
Share(s)	the ordinary share(s) of HK\$0.001 in the share capital of the Company
Shareholder(s)	the holder(s) of the Share(s)
Stock Exchange	The Stock Exchange of Hong Kong Limited
Supervisor	the supervisor of the Works as appointed by Sanmenxia Baike under the EPC Contract
Transaction	the transactions contemplated under the EPC Contract
Work or Works	all the works, services, performances that Hebei Han Neng shall perform, provide and deliver under the EPC Contract, including but not limited to the construction of the Henan Energy Storage Power Plant and other similar and incidental obligations of Hebei Han Neng under the EPC Contract
%	percentage

* *For identification purpose only*

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

Hong Kong, 21 June 2024

As at the date of this announcement, the Board comprises five Executive Directors, namely Mr. Huang Bo (Chairman), Mr. Huang Yuanming, Ms. Zhang Jinhua, Mr. Tse Man Kit, Keith and Ms. Hu Xin and three Independent Non-Executive Directors, namely Mr. Cheung Ting Kin, Ms. Ma Xingqin and Mr. Qiao Wencai.

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

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