



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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8111)



First Quarterly Report
2022

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (“STOCK EXCHANGE”)

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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.

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

QUARTERLY RESULTS HIGHLIGHTS

The loss attributable to owners of the Company for the three months ended 30 June 2022 was approximately RMB3.3 million (2021: loss attributable to owners of the Company of approximately RMB0.5 million).

The revenue of the Group for the three months ended 30 June 2022 was approximately RMB26.9 million, representing an increase of approximately 176.3 per cent, as compared with approximately RMB9.7 million recorded for the three months ended 30 June 2021.

Gross profit margin of the Group was approximately 3.1 per cent for the three months ended 30 June 2022, as compared to approximately 16.7 per cent for the three months ended 30 June 2021.

Basic loss per share for the three months ended 30 June 2022 was approximately RMB0.73 cents (2021: Basic loss per share of approximately RMB0.12 cents (restated due to consolidation of shares)).

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2022 (2021: Nil).

We are pleased to present the unaudited consolidated results of China Technology Industry Group Limited for the three months ended 30 June 2022.

BUSINESS REVIEW

The Group was principally engaged in (i) sales of renewable energy products; and (ii) new energy power system integration business in the People's Republic of China ("PRC" or "China") during the three months ended 30 June 2022.

The Group recorded a loss attributable to owners of the Company of approximately RMB3.3 million for the three months ended 30 June 2022 (2021: loss attributable to owners of the Company of approximately RMB0.5 million), which was mainly attributable to the decrease in gross profit of the Group during the three months ended 30 June 2022.

The Group's revenue amounted to approximately RMB26.9 million for the three months ended 30 June 2022, representing an increase of approximately 176.3 per cent as compared with approximately RMB9.7 million recorded for the three months ended 30 June 2021. The increase in revenue was attributable to the Sales and Installation of Solar Modules Agreement (as defined in the announcement and circular of the Company dated 31 March 2022 and 22 April 2022 respectively ("**CT Announcement**")) entered into by 河北漢能售電有限公司 ("**Hebei Han Neng**") (as purchaser) and Shaanxi Baike New Energy Technology Development Co., Ltd* ("**Shaanxi Baike**") (陝西百科新能源科技發展有限公司) (as supplier) on 31 March 2022 in relation to the sales and installation of Solar Modules (as defined in CT Announcement) with consideration of RMB48 million, details of which are set out in the CT Announcement. Shaanxi Baike shall sell approximately 25MW Solar Modules to Hebei Han Neng and install on Hebei Site (as defined in CT Announcement), and shall further provide ancillary value added services, including technical guidance, technical cooperation, technical training in relation to inspection and acceptance, performance testing, operation, and maintenance, of the Solar Modules.

The Group's gross profit margin was approximately 3.1 per cent for the three months ended 30 June 2022, as compared to approximately 16.7 per cent for the three months ended 30 June 2021. The gross profit for the three months ended 30 June 2022 was generated from the sales and installation of Solar Modules while the gross profit for the three months ended 30 June 2021 was generated from the Zhangbei Project (as defined in the annual report of the Company dated 29 June 2022). Since the Zhangbei Project was comparatively complicated and required a higher level of technical support services, a higher gross profit margin was noted.

Selling expenses incurred by the Group for the three months ended 30 June 2022 amounted to approximately RMB56,000 (2021: approximately RMB0.4 million), representing a decrease of approximately 87.5 per cent, primarily due to not engaging in the business of (i) sales of self-service automatic teller machine systems and printing systems, and (ii) provision of hardware and software technical support services. No revenue was generated from these two businesses, as such, the Group has cut the cost.

Administrative expenses incurred by the Group for the three months ended 30 June 2022 amounted to approximately RMB1.8 million (2021: approximately RMB1.8 million).

Basic loss per share was approximately RMB0.73 cents for the three months ended 30 June 2022, as compared with the basic loss per share of approximately RMB0.12 cents (restated due to consolidation of shares) for the three months ended 30 June 2021.

SALES OF RENEWABLE ENERGY PRODUCTS

The business of sales of renewable energy products business mainly involves the research, development and sales of photovoltaic mounting brackets, solar trackers, guardrails of solar power stations, solar power related products, and towers for wind turbines. In conjunction, the Group also provides, in some cases, (i) certain technology consultation services with respect to the photovoltaic mounting brackets that it sells (including photovoltaic mounting bracket design services), (ii) certain on-site services (including assisting customers on site with unloading goods, collecting products, stock-taking, final testing products before acceptance), and (iii) technical services for the wind turbine towers products (including technical advice, support and trainings).

The revenue generated from the sales of renewable energy products was approximately RMB26.9 million for the three months ended 30 June 2022 (2021: approximately RMB9.7 million), accounted for 100.0 per cent of the Group's total revenue during the three months ended 30 June 2022 (2021: 100.0 per cent).

NEW ENERGY POWER SYSTEM INTEGRATION BUSINESS

The business of new energy power system integration mainly involves acting as the contractor of its customers' new power station projects, helping its customers integrate their equipment, functions and information into a connected, unified and coordinated system. The Group is also responsible for making project design proposals, conducting site visits, procuring construction materials, carrying out construction work, and assisting in operation trials. The Group also offers subsequent system management services to its customers' new energy power stations.

The Group operates on a "project based" model, where each project will typically involve one customer. Under this model, the Group pursues business opportunities with EPC constructors of clean energy development projects (e.g. solar or wind power generation farms or plants) in the PRC for the supply of renewable energy products (such as photovoltaic mounting brackets, solar trackers, guardrails of solar power stations, solar power related products, and towers for wind turbines) that are specific for such project and/or the provision of power system integration for such wind or solar power generation projects. During the life of the project, the Group is typically responsible for, among other things, inspecting the land, supervising the suppliers' production site, receiving and examining equipment and materials, guiding installations, providing technical support, conducting tests, and resolving construction problems on-site. Typically, the contract amount (i.e. revenue) for a project involving the sales of renewable energy products is very substantial. Given the "project based" business model of the Group and its scale, the Group has also strategically sought to pursue fewer in number but larger in size projects.

With the PRC government strives to achieve the goals of "carbon peaking" and "carbon neutrality" by actively adjusting and optimising its industrial structure and energy mix, the Group continues to focus on developing the Group's renewable energy products business and new energy power system integration business, while exploring opportunities to diversify its renewable energy portfolios in order to face the changes of new energy allocation.

There was no revenue generated from the new energy power system integration business during the three months ended 30 June 2022 (2021: Nil).

SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

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

LIQUIDITY, FINANCIAL RESOURCES AND TREASURY POLICIES

As at 30 June 2022, the Group had cash and bank balances of approximately RMB6.4 million (31 March 2022: approximately RMB4.0 million). The Group had no outstanding bank overdraft as at 30 June 2022 (31 March 2022: Nil).

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

EVENTS OCCURRED DURING THE PERIOD UNDER REVIEW

As disclosed in the announcement of the Company dated 27 June 2022 (“**M&CT Announcement**”), Xizang Lineng and Shaanxi Baike entered into the Loan Agreements (as defined in the M&CT Announcement) with Zhangbei Zhihui Energy on 27 June 2022, pursuant to which Xizang Lineng and Shaanxi Baike agreed to provide unsecured loans to Zhangbei Zhihui Energy in the principal amounts of up to RMB7,010,000 (in the case of the Xizang Lineng Loan (as defined in the M&CT Announcement)) and RMB54,000,000 (in the case of the Shaanxi Baike Loan (as defined in the M&CT Announcement)) for its need for short-term working capital. As at the date of the M&CT Announcement, all outstanding principal amounts and interest have been repaid by Zhangbei Zhihui Energy under the Loan Agreements.

Zhangbei Zhihui Energy, being a majority-controlled company held indirectly by Mr. Huang Bo (“**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 75%, 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.

Also as disclosed in the M&CT Announcement, on 8 April 2022, the Company had, through Hebei Zhonghua (as defined in the M&CT Announcement), an indirectly wholly-owned subsidiary of the Company, won a bid at the Auction (by tender) for the Land Acquisition (as defined in the M&CT Announcement) 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 (as defined in the M&CT Announcement) in respect of the Land Acquisition on 15 April 2022.

As the highest applicable percentage ratio of the Land Acquisition exceeds 25% but is below 75%, 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.

With respect to the Loans and the Land Acquisition, the Company regretfully admits that due to the oversight, it had failed to comply with the reporting, announcement and independent shareholders' approval requirements under the GEM Listing Rules. The Company has taken remedial measures in this regard. Please refer to the M&T Announcement for further details.

BUSINESS PROSPECT AND FUTURE PLANS

The Company continues to actively seek for opportunities to develop its business and expand its customer base, by keeping abreast of the latest developments in the renewable energy projects sector, and leveraging on the wealth of experience and extensive business networks of its management and shareholders.

The Group is also exploring other avenues of development, and is in active discussions with different potential business partners. Currently, the Company is considering setting up a solar modules production plant in Hebei. It can 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.

The Company continues to believe that the renewable energy sector shows promising business prospects. As the problem of climate change continues, the Chinese government is actively responding. In 2021, the Chinese government published the Opinions of the CPC Central Committee and the State Council on Completely, Accurately and Comprehensively Implementing the New Development Concept and Doing a Good Job in Peak Carbon Dioxide Emissions (《中共中央國務院關於完整準確全面貫徹新發展理念做好碳達峰碳中和工作的意見》) and Carbon Neutrality and the Action Plan for Peak Carbon Dioxide Emissions by 2030 (《2030年前碳達峰行動方案》), which put forward a number of goals to achieve carbon neutrality by 2060. Accelerating the construction of a clean, low-carbon, safe and efficient energy system is one of the key tasks mentioned in such policy papers.



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 (the “Shareholders”).

Notice on the Action Plan for Further Tariff Mechanism Reform During the “14th Five-Year Period” (《關於「十四五」時期深化價格機制改革行動方案的通知》) issued by the NDRC clarified the improvement of the wind power and photovoltaic power generation pricing mechanism and the establishment of the pricing mechanism of new energy storage. A point to note is that many provinces and other places in China have introduced new energy allocation storage programs since this year, mainly focusing on “photovoltaic + energy storage”, “wind power + energy storage” mode. We believe that with the goal of reaching carbon peak and carbon neutral, energy storage has become the necessary way to achieve the “new power system based on new energy”. As the business model of energy storage is relatively diversified, the Group will continue to closely monitor the development of new energy storage industry.

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

We treasure the harmonious relationship with our staff and would like to take this opportunity to express our gratitude to the management and staff of the Group for their dedicated performance which is instrumental to the future development of the Group. We would also like to take this opportunity to thank our Shareholders, suppliers and customers for their continuous support to the Group.

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

Hong Kong, 10 August 2022

RESULTS

The board of Directors (“Board”) announces the unaudited consolidated results of the Group for the three months ended 30 June 2022 together with comparative unaudited consolidated results of the Group for the corresponding period in 2021 as follows:

	Notes	From 1 April 2022 to 30 June 2022 (unaudited) RMB'000	From 1 April 2021 to 30 June 2021 (unaudited) RMB'000
Revenue	2	26,907	9,737
Cost of sales	4	(26,070)	(8,115)
Gross profit		837	1,622
Other revenue – bank interest income		3	3
Other gains and losses	3	(1,270)	1,095
Selling expenses		(56)	(448)
Change in fair value of financial assets at fair value through profit or loss	4	–	(66)
Change in fair value of financial derivative liabilities		–	19
Administrative expenses		(1,768)	(1,763)
Finance costs	5	(553)	(1,007)
Loss before tax	4	(2,807)	(545)
Income tax expense	6	(463)	–
Loss for the period		(3,270)	(545)
Total comprehensive expense for the period		(3,270)	(545)
Loss for the period attributable to:			
Owners of the Company		(3,270)	(545)
Non-controlling interests		–	–
		(3,270)	(545)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(3,270)	(545)
Non-controlling interests		–	–
		(3,270)	(545)
Dividend		–	–
		RMB cents	RMB cents (Restated)
Loss per share			
– Basic (RMB cents)	7	(0.73) cents	(0.12) cents
– Diluted (RMB cents)	7	(0.73) cents	(0.12) cents

NOTES TO THE UNAUDITED CONSOLIDATED RESULTS

1. BASIS OF PREPARATION

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

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

The accounting policies used in preparing the unaudited consolidated results are consistent with those used in the Group’s annual financial statements for the year ended 31 March 2022, except for adoption of new and revised HKFRSs and HKAS issued by the Hong Kong Institute of Certified Public Accountants which are effective to the Group for accounting periods beginning on or after 1 April 2022. The adoption of the new HKFRSs and HKAS has no material impact on the Group’s results and financial position for the current or prior periods.

The consolidated results of the Group for the three months ended 30 June 2022 are unaudited but have been reviewed by the audit committee of the Board (“**Audit Committee**”).

2. REVENUE

During the three months ended 30 June 2022, the Group was principally engaged in (i) sales of renewable energy products; and (ii) new energy power system integration business in the PRC.

Revenues recognised during the reporting period are as follows:–

	From 1 April 2022 to 30 June 2022 RMB’000	From 1 April 2021 to 30 June 2021 RMB’000
Revenue		
Sales of renewable energy products	26,907	9,737
New energy power system integration business	–	–
	26,907	9,737

3. OTHER GAINS AND LOSSES

	From 1 April 2022 to 30 June 2022 RMB’000	From 1 April 2021 to 30 June 2021 RMB’000
Foreign exchange (loss) gain	(1,304)	1,095
Sundry income	34	–
	(1,270)	1,095

4. LOSS BEFORE TAX

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

	1 April 2022 to 30 June 2022 RMB'000	1 April 2021 to 30 June 2021 RMB'000
Cost of inventories recognised as expenses	26,907	8,115
Depreciation of right-of-use assets	198	210
Depreciation of equipment	52	55
Change in fair value of financial assets at fair value through profit or loss	-	66

5. FINANCE COSTS

	1 April 2022 to 30 June 2022 RMB'000	1 April 2021 to 30 June 2021 RMB'000
Effective interest on convertible bonds	204	842
Interest on other loans	343	148
Interest on lease liabilities	6	17
	553	1,007

6. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax has been made as there is no assessable profit for the subsidiaries operating in Hong Kong during the three months ended 30 June 2022 (2021: nil).

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

Under the Law of the PRC on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the three months ended 30 June 2022 and 30 June 2021, except for certain subsidiaries of the Group in the PRC are under the Western China Development Plan, and were approved to enjoy the preferential tax rate of 15% in accordance with the EIT Law and relevant regulations for the three months ended 30 June 2022 and 30 June 2021.

	1 April 2022 to 30 June 2022 RMB'000	1 April 2021 to 30 June 2021 RMB'000
Current income tax:		
– Hong Kong Profits tax	-	-
– PRC Enterprise Income Tax	463	-
Income Tax	463	-

7. LOSS PER SHARE

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

Loss figures are calculated as follows:

	From 1 April 2022 to 30 June 2022 RMB'000	From 1 April 2021 to 30 June 2021 RMB'000
Loss		
Loss for the period attributable to the owners of the Company and for the purpose of basic and diluted loss per share	(3,270)	(545)
	From 1 April 2022 to 30 June 2022	From 1 April 2021 to 30 June 2021
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	448,176,684	448,176,684
	RMB cents	RMB cents (Restated)
Basic loss per share	(0.73) cents	(0.12) cents
Diluted loss per share	(0.73) cents	(0.12) cents

Outstanding convertible bonds of the Company are anti-dilutive since their exercise or conversion would result in decrease in basic loss per share for the three months ended 30 June 2022 and 30 June 2021.

The weighted average number of ordinary shares for the purposes of basic loss per share for the three months ended 30 June 2021 has been retrospectively adjusted to reflect the share consolidation on 19 July 2021.

QUARTERLY DIVIDEND

The Board does not recommend the payment of quarterly dividend for the three months ended 30 June 2022 (2021: Nil).

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								Total
	Share capital	Share premium	Reserve arising from reorganisation (Note a)	Exchange reserve	Equity transaction reserve (Note b)	Accumulated losses	Total	Non-controlling interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2021	189,876	120,291	(20,484)	156	(11,210)	(190,307)	88,322	(380)	87,942
Loss for the period and total comprehensive expense	-	-	-	-	-	(545)	(545)	-	(545)
At 30 June 2021	189,876	120,291	(20,484)	156	(11,210)	(190,852)	87,777	(380)	87,397
At 1 April 2022	189,876	120,291	(20,484)	156	(11,210)	(194,039)	84,590	-	84,590
Loss for the period and total comprehensive expense	-	-	-	-	-	(3,270)	(3,270)	-	(3,270)
At 30 June 2022	189,876	120,291	(20,484)	156	(11,210)	(197,309)	81,320	-	81,320

Notes:

a. Reserve arising from reorganisation

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

b. Equity transaction reserve

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

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

As at 30 June 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules are as follows:

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

Name of Directors/ Chief executive	Number of ordinary shares of the Company (after Share Consolidation) (Note 1)	Capacity	Approximate percentage of the Company's issued share capital as at 30 June 2022 (Note 2)
Mr. Tse Man Kit Keith (Executive Director)	2,487,469 (L)	Beneficial owner	0.56%

Notes:

1. The letter "L" represents long positions in the shares or underlying shares of the Company.
2. As at 30 June 2022, the issued share capital of the Company was 448,176,684 (after Share Consolidation) ordinary shares of HK\$0.5 each.

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

As at 30 June 2022, the following persons or entities, other than a Director or chief executive of the Company, had an interest or a short position in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of shareholder	Number of ordinary shares (after Share Consolidation) (Note 1)	Capacity	Approximate percentage of the Company's issued share capital as at 30 June 2022 (Note 2)
Mr. Huang Bo (Note 3)	86,825,934 (L)	Beneficial owner	19.37%
Ms. Li Xiaoyan* (李曉豔女士)	59,094,406 (L)	Beneficial owner	13.19%
Mr. Huang Yuan Ming (Note 3)	35,548,238 (L)	Beneficial owner	7.93%
Mr. Hou Hsiao Bing (Note 4)	26,228,000 (L)	Beneficial owner	5.85%

* for identification purpose only

Notes:

- The letter "L" represents long position in the shares or underlying shares of the Company.
- As at 30 June 2022, the issued share capital of the Company was 448,176,684 (after Share Consolidation) ordinary shares of HK\$0.5 each.
- Mr. Huang Yuan Ming is the son of Mr. Huang Bo, a substantial shareholder of the Company.
- Mr. Hou Hsiao Bing retired as an executive Director with effect from 26 August 2019.

AUDIT COMMITTEE

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

The Audit Committee provides an important link between the Board and the Company's auditors in matters coming within the scope of the Group's audit. It also reviews the effectiveness of both the external and internal audit and of the risk management and internal control systems of the Group. As at the date of this report, the Audit Committee comprises of three independent non-executive Directors, namely Ms. Ma Xingqin, Ms. Shan Jinlan and Mr. Wang Zhuchen. The unaudited consolidated results of the Group for the three months ended 30 June 2022 have been reviewed and approved by the Audit Committee.



DIRECTORS' COMPETING INTEREST OR BUSINESS

During the three months ended 30 June 2022, none of the Directors or their close associates had any interest or business which competes or may compete with the business of the Group.

The Company did not have any controlling shareholder during the three months ended 30 June 2022.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the shares of the Company during the three months ended 30 June 2022.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company has made specific enquiry of the Directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by Directors during the three months ended 30 June 2022.

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

Hong Kong, 10 August 2022

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

Executive Directors:

Chiu Tung Ping (Chairman)

Yuen Hing Lan

Hu Xin

Tse Man Kit Keith

Independent non-executive Directors:

Ma Xingqin

Shan Jinlan

Wang Zhuchen