



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
2023

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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 2023 was approximately RMB5.4 million (2022: loss attributable to owners of the Company of approximately RMB3.3 million).

The Group recorded no revenue for the three months ended 30 June 2023, representing a decrease of 100.0 per cent, as compared with approximately RMB26.9 million recorded for the three months ended 30 June 2022.

The Group recorded no gross profit for the three months ended 30 June 2023, as compared to the gross profit margin of approximately 3.1 per cent for the three months ended 30 June 2022.

Basic loss per share for the three months ended 30 June 2023 was approximately RMB1.20 cents (2022: Basic loss per share of approximately RMB0.73 cents).

The Directors do not recommend the payment of a dividend for the three months ended 30 June 2023 (2022: Nil).

We are pleased to present the unaudited consolidated results of China Technology Industry Group Limited for the three months ended 30 June 2023.

BUSINESS REVIEW

The Group was principally engaged in (i) the sales of renewable energy products; and (ii) rendering of new energy power system integration services in the People's Republic of China ("PRC" or "China") during the three months ended 30 June 2023.

The Group recorded a loss attributable to owners of the Company of approximately RMB5.4 million for the three months ended 30 June 2023 (2022: loss attributable to owners of the Company of approximately RMB3.3 million), which was mainly attributable to the fact that the Group recorded no revenue during the three months ended 30 June 2023.

The Group recorded no revenue for the three months ended 30 June 2023, representing a decrease of 100.0 per cent as compared with approximately RMB26.9 million recorded for the three months ended 30 June 2022. The Company had recorded no revenue for the three months ended 30 June 2023, as the strict and extensive COVID-19 lockdowns in the PRC had made it difficult for the Company's management to conduct face-to-face business meetings with potential customers, and broker new commercial contracts. Given the removal of COVID-19 restrictions in the PRC in early 2023, the Company considers the aforementioned difficulties faced by the Company to be temporary in nature, and the management of the Company has been actively seeking new business opportunities, from which the management of the Company expects to bear fruits in the later months of this financial year and the financial years to come. For further details, please refer to the section headed "BUSINESS PROSPECT AND FUTURE PLANS" in this report.

The Group recorded no gross profit for the three months ended 30 June 2023, as compared to the gross profit margin of approximately 3.1 per cent for the three months ended 30 June 2022.

There were no selling expenses incurred by the Group for the three months ended 30 June 2023 (2022: approximately RMB56,000), representing a decrease of 100.0 per cent, primarily due to the effective control on selling expenses by the Group.

Administrative expenses incurred by the Group for the three months ended 30 June 2023 amounted to approximately RMB2.6 million (2022: approximately RMB1.8 million), representing an increase of approximately 48.5 per cent; the increase is due to the withholding tax of RMB800,000 incurred in dividend payment from a subsidiary in the PRC to a subsidiary in Hong Kong for operating use during the three months ended 30 June 2023.

Basic loss per share was approximately RMB1.20 cents for the three months ended 30 June 2023, as compared with the basic loss per share of approximately RMB0.73 cents for the three months ended 30 June 2022.

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).

There was no revenue generated from the sales of renewable energy products for the three months ended 30 June 2023 (2022: approximately RMB26.9 million).

RENDERING OF NEW ENERGY POWER SYSTEM INTEGRATION SERVICES

The business of rendering of new energy power system integration services 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.

There was no revenue generated from the rendering of new energy power system integration services during the three months ended 30 June 2023 (2022: 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 2023, the Group had cash and bank balances of approximately RMB8.8 million (31 March 2023: approximately RMB3.4 million). The Group had no outstanding bank overdraft as at 30 June 2023 (31 March 2023: Nil).

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

BUSINESS PROSPECT AND FUTURE PLANS

With steady relaxation of COVID-19 restrictions in the PRC after the Chinese New Year in 2023, the Company has sped up progress on seeking 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 “Shareholders”).

The COVID-19 pandemic in recent years had created significant challenges for the Company to negotiate and obtain new commercial contracts. The strict and extensive COVID-19 lockdowns in the PRC had made it difficult for the Company’s management to conduct face-to-face business meetings, and broker new commercial contracts, with the Company’s potential customers (who generally have a corporate culture of building a “business relationship” and prefer face-to-face meetings, as face-to-face meetings are generally seen as a sign of respect in the PRC). Given the removal of COVID-19 restrictions in the PRC in early 2023, the Company considers the aforementioned difficulties faced by the Company to be temporary in nature, and the management of the Company has been actively seeking new business opportunities.

Currently, the Company is in the process of exploring different power plant projects in various regions of the PRC. Namely, the Group is currently exploring the potential construction of a photovoltaic power plant, a wind power plant, and an energy storage power plant, in Henan. The Board believes that a distributed photovoltaic power plant, a distributed wind power plant and energy storage would complement and create synergies with the Group’s existing sales of renewable energy products and new energy power system integration businesses, and also allow the Group to leverage its existing networks. By expanding the Group’s business downstream, the Board believes that the Group can further diversify its product offering, provide stable income stream and expand its scale of business. The Group will continue the process of assessing the level of customer interest and demand, and consider the different options and methods for the construction of the distributed wind power plant and energy storage. The Group will make further announcement(s) as and when appropriate in accordance with the requirements under the GEM Listing Rules.

Additionally, in line with the PRC government’s objective of achieving carbon neutral and its policies that support the development of renewable energy projects, the Group is currently exploring the construction of a photovoltaic power plant in Inner Mongolia. The Group has currently signed a non-legally binding term sheet in relation to the said construction, and is in the process of negotiating the remaining specifications of the photovoltaic power plant to be constructed. The Group considers developing the aforesaid project to be advantageous to its business operations by expanding the scope of the Group’s business and bringing long-term and stable sources of revenue. Constructing a photovoltaic power plant will also increase the Group’s asset size. The Group will make further announcement(s) as and when appropriate in accordance with the requirements under the GEM Listing Rules.

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 Chinese government continues to support the development of new energy by improving mechanisms, promoting infrastructure construction, and optimizing the new energy portfolio. In 2022, the National Development and Reform Commission of the PRC and the National Energy Administration of the PRC (“NEA”) jointly issued the “Implementation Plan on Promoting the High-Quality Development of New Energy in the New Era” (《關於促進新時代新能源高質量發展的實施方案》). The Plan states that in order to achieve the goal of reaching the total installed capacity of over 1.2 billion kW of wind power and solar power by 2030, construction of a clean, low-carbon, safe and efficient energy system should be accelerated. Comprehensively improve on the adjustment capability and flexibility of the power system and promote the rapid development of new types of energy storage, improve the integration of distributed new energy in the distribution grid, and foster the development of distributed intelligent power grids. Also, it will support direct trading between new energy projects and consumers, and encourage the signing of long-term power purchase agreements.

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 National Development and Reform Commission 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 and actively seek for development opportunities.

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 2023

RESULTS

The board of Directors (“Board”) announces the unaudited consolidated results of the Group for the three months ended 30 June 2023 together with comparative unaudited consolidated results of the Group for the corresponding period in 2022 as follows:

	<i>Notes</i>	From 1 April 2023 to 30 June 2023 (unaudited) RMB'000	From 1 April 2022 to 30 June 2022 (unaudited) RMB'000
Revenue	2	–	26,907
Cost of sales	4	–	(26,070)
Gross profit		–	837
Other revenue – bank interest income		3	3
Other gains and losses	3	(1,180)	(1,270)
Selling expenses		–	(56)
Administrative expenses		(2,626)	(1,768)
Finance costs	5	(1,594)	(553)
Loss before tax	4	(5,397)	(2,807)
Income tax expense	6	–	(463)
Loss for the period		(5,397)	(3,270)
Total comprehensive expense for the period		(5,397)	(3,270)
Loss for the period attributable to:			
Owners of the Company		(5,397)	(3,270)
Total comprehensive expense for the period attributable to:			
Owners of the Company		(5,397)	(3,270)
Dividend		–	–
		RMB cents	RMB cents
Loss per share			
– Basic (RMB cents)	7	(1.20) cents	(0.73) cents
– Diluted (RMB cents)	7	(1.20) cents	(0.73) 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 2023, 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 2023. 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 2023 are unaudited but have been reviewed by the audit committee of the Board (“**Audit Committee**”).

2. REVENUE

During the three months ended 30 June 2023, the Group was principally engaged in (i) sales of renewable energy products; and (ii) rendering of new energy power system integration services in the PRC. The Group did not earn any income from its principal activities during the three months ended 30 June 2023.

Revenues recognised during the reporting period are as follows:–

	From 1 April 2023 to 30 June 2023 RMB’000	From 1 April 2022 to 30 June 2022 RMB’000
Revenue		
Sales of renewable energy products	–	26,907
Rendering of new energy power system integration services	–	–
	–	26,907

3. OTHER GAINS AND LOSSES

	From 1 April 2023 to 30 June 2023 RMB'000	From 1 April 2022 to 30 June 2022 RMB'000
Foreign exchange loss	(1,180)	(1,304)
Sundry income	–	34
	(1,180)	(1,270)

4. LOSS BEFORE TAX

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

	1 April 2023 to 30 June 2023 RMB'000	1 April 2022 to 30 June 2022 RMB'000
Cost of inventories recognised as expenses	–	26,070
Depreciation of right-of-use assets	250	198
Depreciation of equipment	–	52

5. FINANCE COSTS

	1 April 2023 to 30 June 2023 RMB'000	1 April 2022 to 30 June 2022 RMB'000
Effective interest on convertible bonds	1,003	204
Interest on other loans	570	343
Interest on lease liabilities	21	6
	1,594	553

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 2023 (2022: nil).

Pursuant to the laws and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI for the three months ended 30 June 2023 (2022: nil).

Under the Law of the People’s Republic of China on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both periods, 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 2023.

On 18 January 2019, the Ministry of Finance in the PRC issued notice no. 13 of on the Implementation of Inclusive Tax Reduction Policies for Small and Micro Enterprises. Corporations with annual taxable income of less than RMB3 million are qualified for this tax concession. The first RMB1 million of annual taxable income of the qualifying corporation will be taxed at 5%, and further RMB2 million annual taxable income will be taxed at 10%. Certain subsidiaries of the Group in the PRC are entitled to this tax concession during the three months ended 30 June 2022 and 2023.

	1 April 2023 to 30 June 2023 RMB'000	1 April 2022 to 30 June 2022 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 2023 to 30 June 2023 RMB'000	From 1 April 2022 to 30 June 2022 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	(5,397)	(3,270)
	From 1 April 2023 to 30 June 2023	From 1 April 2022 to 30 June 2022
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
Basic loss per share	(1.20) cents	(0.73) cents
Diluted loss per share	(1.20) cents	(0.73) 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 2023 and 30 June 2022.

QUARTERLY DIVIDEND

The Board does not recommend the payment of quarterly dividend for the three months ended 30 June 2023 (2022: Nil).

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Share capital	Share premium	Reserve arising from reorganisation (Note a)	Exchange reserve	Equity transaction reserve (Note b)	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 April 2022	189,876	120,291	(20,484)	156	(11,210)	(194,039)	84,590
Loss and total comprehensive expense for the period	-	-	-	-	-	(3,270)	(3,270)
At 30 June 2022	189,876	120,291	(20,484)	156	(11,210)	(197,309)	81,320
At 1 April 2023	189,876	120,291	(20,484)	156	(11,210)	(219,179)	59,450
Loss and total comprehensive expense for the period	-	-	-	-	-	(5,397)	(5,397)
At 30 June 2023	189,876	120,291	(20,484)	156	(11,210)	(224,576)	54,053

Notes:

(a) Reserve arising from reorganisation

The reserve arising from reorganisation represents the difference between the nominal value of the share capital of subsidiaries acquired and the cost of investments in these subsidiaries made 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 in prior year.

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 2023, 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 (Note 1)	Capacity	Approximate percentage of the Company's issued share capital as at 30 June 2023 (Note 2)
Mr. Tse Man Kit Keith (Executive Director)	12,489,469 (L)	Beneficial owner	2.79%

Notes:

1. The letter "L" represents long positions in the shares or underlying shares of the Company.
2. As at 30 June 2023, the issued share capital of the Company was 448,176,684 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 2023, 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 (Note 1)	Capacity	Approximate percentage of the Company's issued share capital as at 30 June 2023 (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 2023, the issued share capital of the Company was 448,176,684 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 in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules.

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 audits 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 2023 have been reviewed and approved by the Audit Committee.

DIRECTORS' COMPETING INTEREST OR BUSINESS

During the three months ended 30 June 2023, 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 2023.

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 2023.

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 2023.

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

Hong Kong, 10 August 2023

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