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CROSSTEC Group Holdings Limited

易緯集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3893)

PROPOSED SHARE CONSOLIDATION

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The Board proposes to implement the Share Consolidation pursuant to which every four (4) issued and unissued Existing Shares of par value HK\$0.01 each in the share capital of the Company will be consolidated into one (1) Consolidated Share of par value HK\$0.04 each in the share capital of the Company.

The Share Consolidation is conditional upon, among other things, the approval by the Shareholders at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Share Consolidation and as such, no Shareholder is required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

The Shares are currently traded on the Stock Exchange in board lot size of 20,000 Existing Shares. Upon the Share Consolidation becoming effective, the Consolidated Shares will continue to be traded in board lot size of 20,000 Consolidated Shares.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation.

A circular containing, among other matters, (i) further details of the Share Consolidation; and (ii) a notice of the EGM and related proxy form, shall be despatched to the Shareholders on or before 16 October 2020.

PROPOSED SHARE CONSOLIDATION

The Board proposes to put forward a proposal to the Shareholders to effect the Share Consolidation pursuant to which every four (4) issued and unissued Existing Shares of par value HK\$0.01 each will be consolidated into one (1) Consolidated Share of par value HK\$0.04 each.

Effects of the Share Consolidation

As at the date of this announcement, the authorised share capital of the Company is HK\$100,000,000 divided into 10,000,000,000 Existing Shares of par value of HK\$0.01 each, of which 2,880,000,000 Existing Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Share Consolidation becoming effective and assuming that no Existing Shares are repurchased or issued from the date hereof until the effective date of the Share Consolidation, the authorised share capital of the Company shall become HK\$100,000,000 divided into 2,500,000,000 Consolidated Shares of par value HK\$0.04 each, of which 720,000,000 Consolidated Shares will be in issue.

The Company has no outstanding options, warrants or securities in issue which are convertible or exchangeable into the Existing Shares as at the date of this announcement.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other in accordance with the Company's articles of association.

Other than the expenses to be incurred, the implementation of the Share Consolidation will not alter the underlying assets, business operation, management or financial position of the Company and the interests and rights of the Shareholders, save that any fractional Consolidated Shares will not be allocated to Shareholders who may otherwise be entitled.

As at the date of this announcement, the Company has no intention to carry out other corporate actions in the next 12 months which may have an effect of undermining or negating the intended purpose of the Share Consolidation.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following:

1. the passing of an ordinary resolution to approve the Share Consolidation by the Shareholders at the EGM;
2. the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
3. the compliance with the relevant procedures and requirements under the applicable laws of the Cayman Islands and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is expected to be on Tuesday, 24 November 2020, being the second Business Day after the EGM.

Application for listing of the Consolidated Shares

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of the approval of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, as well as compliance with the stock admission requirements of the HKSCC, upon the Share Consolidation being effective, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. The Consolidated Shares will be identical in all respects and rank pari passu in all respects with each other as to all future dividends and distributions which are declared, made or paid. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no such listing or permission to deal is being or is proposed to be sought.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Existing Shares regardless of the number of existing share certificates held by such holder.

No change in board lot size

As of the date of this announcement, the Shares are currently traded on the Stock Exchange in board lot size of 20,000 Existing Shares. The existing board lot size of 20,000 Shares will remain unchanged upon the Share Consolidation becoming effective. The value of the current board lot, based on the closing price of HK\$0.06 per Existing Share at the date of this announcement, is HK\$1,200. Upon the Share Consolidation becoming effective, the expected value of each board lot of 20,000 Consolidated Shares, based solely on the closing price of HK\$0.06 per Existing Share as at the date of this announcement (equivalent to the theoretical closing price of HK\$0.24 per Consolidated Share as at the date of this announcement), is expected to be HK\$4,800.

Odd lots arrangements and matching services

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation, the Company will appoint an agent to arrange for matching services, on a best effort basis, to the Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares from Tuesday, 8 December 2020 to Tuesday, 29 December 2020 (both days inclusive).

Shareholders should note that successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Any Shareholder who is in any doubt about the odd lot trading arrangement is recommended to consult his/her/its own professional advisers.

Further details of the odd lot trading arrangement will be set out in the circular to be despatched to the Shareholders.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, which is currently expected to be on 24 November 2020, the Shareholders may during the period from Tuesday, 24 November 2020 to Monday, 4 January 2021 (both days inclusive), submit existing share certificates for the Existing Shares (in the colour of blue) to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen's Road

East, Hong Kong, in exchange, at the expense of the Company, for the exchange of new share certificates for the Consolidated Shares (in the colour of pink). Thereafter, share certificates for the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of certificates cancelled/issued is higher. The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:10 p.m. on Tuesday, 29 December 2020 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Consolidated Shares on the basis of four (4) Existing Shares for one (1) Consolidated Share.

REASONS FOR THE SHARE CONSOLIDATION

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. According to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and updated on 30 August 2019, (i) any trading price less than HK\$0.10 will be considered as approaching the extremities of HK\$0.01 as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected board lot value should be greater than HK\$2,000.

In view that the Shares had been traded at below HK\$0.10 during the past 12 months (based on the closing price per Share as quoted on the Stock Exchange) and the value per board lot being less than HK\$2,000, the Board proposes to implement the Share Consolidation in order for the Company to comply with the trading requirements under the Listing Rules. It is expected that the Share Consolidation would bring a corresponding upward adjustment in the trading price per board lot of the Consolidated Shares on the Stock Exchange which will reduce the overall transaction and handling costs of dealings in the Shares and may attract more investors, and therefore broaden the shareholder base of the Company.

Given the above reasons, the Directors are of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Consolidation is as follows:

Event	Time and date
Expected despatch date of the circular, proxy form and notice of the EGM	on or before Friday, 16 October 2020
Latest time for lodging transfer documents in order to qualify for attending and voting at the EGM	4:30 p.m. on Monday, 16 November 2020
Closure of the register of members of the Company for determining the entitlement to attend and vote at the EGM	Tuesday, 17 November 2020 to Friday, 20 November 2020 (both dates inclusive)
Latest time for return of proxy form of the EGM	11:30 a.m. on Wednesday, 18 November 2020
Expected time and date of the EGM	11:30 a.m. on Friday, 20 November 2020
Publication of announcement of poll results of the EGM	Friday, 20 November 2020

The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation:

Effective date of the Share Consolidation	Tuesday, 24 November 2020
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares	Tuesday, 24 November 2020
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Tuesday, 24 November 2020

Event	Time and date
Original counter for trading in the Existing Shares in board lots of 20,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on Tuesday, 24 November 2020
Temporary counter for trading in the Consolidated Shares in board lot size of 5,000 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 24 November 2020
Original counter for trading in the Consolidated Shares in board lots of 20,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens	9:00 a.m. on Tuesday, 8 December 2020
Parallel trading in the Consolidated Shares (in form of new share certificates and existing share certificates) commences	9:00 a.m. on Tuesday, 8 December 2020
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on Tuesday, 8 December 2020
Temporary counter for trading in board lot size of 5,000 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Tuesday, 29 December 2020
Parallel trading in the Consolidated Shares (in the form of new share certificates and existing share certificates) ends	4:10 p.m. on Tuesday, 29 December 2020
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares	4:10 p.m. on Tuesday, 29 December 2020
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	4:30 p.m. on Monday, 4 January 2021

All times and dates in this announcement refer to Hong Kong local times and dates. The expected timetable set out above is indicative only and may be subject to change. Further announcement(s) will be made as and when appropriate.

GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholder has a material interest in the Share Consolidation and as such, no Shareholder is required to abstain from voting in favour of the resolution(s) relating to the Share Consolidation at the EGM.

A circular containing, among other matters, (i) further details of the Share Consolidation; and (ii) a notice of the EGM and related proxy form, shall be despatched to the Shareholders on or before 16 October 2020.

Shareholders and potential investors of the Company should take note that the Share Consolidation is conditional upon satisfaction of conditions set out in the paragraph headed "Conditions of the Share Consolidation" above. Therefore, the Share Consolidation may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

DEFINITIONS

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

"Board"	the board of Directors
"Business Day(s)"	any day (excluding a Saturday) on which banks generally are open for business in Hong Kong during normal working hours
"CCASS"	The Central Clearing and Settlement System established and operated by HKSCC
"Company"	CROSSTEC Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange

“Consolidated Share(s)”	ordinary share(s) with a par value of HK\$0.04 each in the share capital of the Company immediately after the Share Consolidation becoming effective
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Share Consolidation
“Existing Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company before the Share Consolidation becoming effective
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	the Existing Share(s) and/or the Consolidated Share(s), as the case may be
“Shareholder(s)”	holder(s) of the Share(s)
“Share Consolidation”	the proposed consolidation of every four (4) issued and unissued Existing Shares into one (1) Consolidated Share
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

By Order of the Board
CROSSTEC Group Holdings Limited
Lee Wai Sang
Chairman and Chief Executive Officer

Hong Kong, 23 September 2020

As at the date of this announcement, the Board comprises Mr. Lee Wai Sang, Mr. Lau King Lok and Mr. Leung Pak Yin as executive Directors; and Mr. So Chi Hang, Mr. Heng Ching Kuen Franklin and Mr. Shing Wai Yip as independent non-executive Directors.