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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)**

### **(I) PROPOSED SHARE CONSOLIDATION AND (II) PROPOSED CHANGE OF BOARD LOT SIZE**

#### **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation pursuant to which every ten (10) issued and unissued Existing Shares will be consolidated into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders by way of ordinary resolution at the EGM. To the best knowledge, information and belief of the Directors after having made all reasonable enquiries, no Shareholder will be required to abstain from voting on the resolution(s) in relation to the Share Consolidation at the EGM.

#### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 20,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 20,000 Existing Shares to 4,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

#### **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 things, details of the Share Consolidation, the Change in Board Lot Size and the notice of the EGM is expected to be despatched to the Shareholders on or before 29 July 2022.

**Shareholders and potential investors of the Company should note that the Share Consolidation is conditional upon satisfaction of the conditions set out in this announcement. Accordingly, the Share Consolidation and the Change in Board Lot Size may or may not proceed.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If they are in any doubt, they should consult their professional advisers.**

## **(I) PROPOSED SHARE CONSOLIDATION**

The Board proposes to put forward a proposal to the Shareholders to effect the Share Consolidation pursuant to which every ten (10) issued and unissued Existing Shares will be consolidated into one (1) Consolidated Share.

### **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 2,500,000,000 Existing Shares, of which 720,000,000 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 250,000,000 Consolidated Shares, of which 72,000,000 Consolidated Shares (which are fully paid or credited as fully paid) 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 in relation to the Share Consolidation and Change in Board Lot Size, the implementation thereof will not, of itself, 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.

## **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the following conditions being fulfilled:

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, 23 August 2022, being the second Business Day after the EGM.

## **Application for listing of the Consolidated Shares**

An application will be made by the Company 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, 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 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.

None of the Existing Shares or debt securities of the Company are listed or dealt in on any other stock exchanges other than the Stock Exchange, and at the time when the Share Consolidation becoming effective, the Consolidated Shares in issue will not be 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 the 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.

### **Odd lots arrangement and matching services**

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares arising from the Share Consolidation and the Change in Board Lot Size, 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. Details of such arrangement will be set out in the circular in relation to, among other things, the Share Consolidation to be despatched to the Shareholders as soon as practicable.

Shareholders with odd lot holdings of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is on a best effort basis. Successful matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots matching arrangement are recommended to consult their own professional advisers.

### **Exchange of share certificates**

Subject to the Share Consolidation having become effective, which is currently expected to be on 23 August 2022, the Shareholders may during the period from Tuesday, 23 August 2022 to Thursday, 29 September 2022 (both days inclusive), submit existing share certificates for the Existing Shares (in the colour of pink) to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, 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 red). 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.

Subject to and upon the Share Consolidation becoming effective, after 4:10 p.m. on Tuesday, 27 September 2022, existing share certificates for the Existing Shares will only remain effective as documents of legal title and may be exchanged for certificates for the Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

## **(II) PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in the board lot size of 20,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 20,000 Existing Shares to 4,000 Consolidated Shares upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.073 per Existing Share (equivalent to the theoretical closing price of HK\$0.73 per Consolidated Share) as quoted on the Stock Exchange as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$1,460; (ii) the value of each board lot of 20,000 Consolidated Shares would be HK\$14,600 assuming the Share Consolidation becoming effective; and (iii) the theoretical value of each board lot of 4,000 Consolidated Shares would be HK\$2,920 assuming that the Change in Board Lot Size has also become effective.

The Change in Board Lot Size will not result in any change in the relative rights of the Shareholders. The Directors consider that the Change in Board Lot Size is appropriate and can reduce the proportionate transaction costs and charges for securities trading in this board lot value and can improve the trading liquidity of the Consolidated Shares, thereby attracting more investors and widening the shareholder base.

## **REASONS FOR THE PROPOSED SHARE CONSOLIDATION AND THE PROPOSED CHANGE IN BOARD LOT SIZE**

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 1 October 2020, (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 of the recent trading prices of the Existing Shares at the level of below HK\$0.10 since 25 April 2022 and the value per existing board lot being less than HK\$2,000, the Board considers that the proposed Share Consolidation would bring about a corresponding upward adjustment in the market price of the Consolidated Shares, which together with the Change in Board Lot Size would enable the Company to comply with the trading requirements under the Listing Rules. The Share Consolidation would reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade. With a corresponding upward adjustment in the trading price of the Consolidated Shares, the Board considers that the Share Consolidation would maintain the transaction amount for each board lot at a reasonable level in order to attract more investors and broaden the shareholder base of the Company.

In view of the above reasons, the Company considers the proposed Share Consolidation and Change in Board Lot Size is justifiable notwithstanding of the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation and Change in Board Lot Size is beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no current plans for, or intention to conduct, any other corporate actions (such as share consolidation, sub-division or change in board lot size) which may have an effect of undermining or negating the intended purpose of the Share Consolidation in the next 12 months and the Company does not have any concrete plan to conduct any fund-raising activities in the next twelve months. However, the Directors consider that they will contemplate fund raising activities whenever they think reasonably necessary. The Company will make further announcement as and when required in accordance with the Listing Rules.

## **EXPECTED TIMETABLE**

The expected timetable for implementation of the Share Consolidation and the Change in Board Lot Size, is set out below:

<b>Event</b>	<b>Time and date</b>
Expected despatch date of the circular, proxy form and notice of the EGM	on or before Friday, 29 July 2022
Latest time for lodging transfer documents in order to qualify for attending and voting at the EGM	4:30 p.m. on Monday, 15 August 2022

<b>Event</b>	<b>Time and date</b>
Closure of the register of members of the Company for determining the entitlement to attend and vote at the EGM	Tuesday, 16 August 2022 to Friday, 19 August 2022 (both dates inclusive)
Latest time for return of proxy form of the EGM	11:30 a.m. on Wednesday, 17 August 2022
Expected time and date of the EGM	11:30 a.m. on Friday, 19 August 2022
Publication of announcement of poll results of the EGM	Friday, 19 August 2022
<b>The following events are conditional on the fulfilment of the conditions for the implementation of the Share Consolidation:</b>	
Effective date of the Share Consolidation	Tuesday, 23 August 2022
First day of free exchange of existing share certificates for new share certificates for the Consolidated Shares	Tuesday, 23 August 2022
Commencement of dealings in the Consolidated Shares	9:00 a.m. on Tuesday, 23 August 2022
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, 23 August 2022

<b>Event</b>	<b>Time and date</b>
Temporary counter for trading in the Consolidated Shares in board lot size of 2,000 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on Tuesday, 23 August 2022
Original counter for trading in the Consolidated Shares in new board lots of 4,000 Consolidated Shares (in the form of new share certificates for Consolidated Shares) re-opens	9:00 a.m. on Tuesday, 6 September 2022
Parallel trading in the Consolidated Shares (in form of new share certificates and existing share certificates) commences	9:00 a.m. on Tuesday, 6 September 2022
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, 6 September 2022
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on Tuesday, 27 September 2022
Temporary counter for trading in board lot size of 2,000 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on Tuesday, 27 September 2022
Parallel trading in the Consolidated Shares (in the form of new and existing share certificates) ends	4:10 p.m. on Tuesday, 27 September 2022
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	4:30 p.m. on Thursday, 29 September 2022



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 things, details of the Share Consolidation, the Change in Board Lot Size and the notice of the EGM is expected to be despatched to the Shareholders on or before 29 July 2022.

**Shareholders and potential investors of the Company should note that the Share Consolidation is conditional upon satisfaction of the conditions set out in this announcement. Accordingly, the Share Consolidation and the Change in Board Lot Size may or may not proceed.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares. If they are in any doubt, 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
“CCASS Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time

“Change in Board Lot Size”	the change in board lot size of the Shares for trading on the Stock Exchange from 20,000 Existing Shares to 4,000 Consolidated Shares upon Share Consolidation becoming effective
“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\$0.4 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\$0.04 each in the share capital of the Company before the Share Consolidation becoming effective
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“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
“Share Consolidation”	the proposed consolidation of every ten (10) issued and unissued Existing Shares into one (1) Consolidated Share

“Shareholder(s)”	holder(s) of the Share(s)
“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, 8 July 2022

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