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中国科技产业集团有限公司
CHINA TECHNOLOGY INDUSTRY GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 8111)

PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued Existing Shares be consolidated into one (1) Consolidated Share. The Share Consolidation is conditional upon, among other things, the approval of the Shareholders 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 5,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 5,000 Existing Shares to 10,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

GENERAL

A circular containing, among other things, details of the Share Consolidation and a notice convening the EGM is expected to be despatched to the Shareholders on or before 17 June 2021.

PROPOSED SHARE CONSOLIDATION

The Board proposes to implement the Share Consolidation on the basis that every five (5) issued and unissued Existing Shares be consolidated into one (1) Consolidated Share.

Effects of the Share Consolidation

As at the date of this announcement, 2,240,883,423 Existing Shares have been allotted and issued. Upon the Share Consolidation becoming effective and assuming that no new Existing Shares are issued or repurchased from the date hereof until the effective date of the Share Consolidation, 448,176,684* Consolidated Shares will be in issue. Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other.

** fractional number of shares is disregarded for illustration purposes*

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the shareholdings, proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

Conditions of the Share Consolidation

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Share Consolidation at the EGM;
- (ii) 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
- (iii) the compliance with the relevant procedures and requirements under the laws in Cayman Islands (where applicable) and the GEM Listing Rules to effect the Share Consolidation.

The Share Consolidation is expected to become effective on 19 July 2021, being the second Business Day after the EGM, subject to the fulfilment of the above conditions.

Listing application

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

Subject to the granting of listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, 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. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS established and operated by HKSCC.

None of the Existing Shares are listed or dealt in any other stock exchange other than the Stock Exchange, and at the time 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.

CORPORATE ACTION PLAN OF THE COMPANY

Save for the announcement published on 31 May 2021 in relation to the issue of convertible bonds under general mandate of amount up to HK\$32,000,000, as at the date of this announcement, the Company does not have any intention or plan (initial or concrete) or otherwise foresee to undertake in the next 12 months any (a) equity fundraising or (b) other corporate action or arrangement that may affect the trading in its Shares (e.g. share consolidation or subdivision or change in board lot size). However, the Directors will not rule out that they may consider equity fundraising activities when it is reasonably necessary for the Group to raise fund to meet its operational needs or for future development. The Directors will consider carefully the likely impact on the Shareholders before they will proceed on any such equity fundraising exercises.

Fractional entitlement to Consolidated Shares

Fractional Consolidated Shares 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 benefit of the Company.

Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares of the Company regardless of the number of share certificates held by such holder.

Shareholders concerned about losing out on any fractional entitlement are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser and may wish to consider the possibility of buying or selling Existing Shares in a number sufficient to make up an entitlement to receive a whole number of Consolidated Shares.

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 5,000 Existing Shares. The Board proposes to change the board lot size for trading on the Stock Exchange from 5,000 Existing Shares to 10,000 Consolidated Shares conditional upon the Share Consolidation becoming effective.

Based on the closing price of HK\$0.087 per Existing Share (equivalent to the theoretical closing price of HK\$0.435 per Consolidated Share) as at the date of this announcement, (i) the value of each existing board lot of Existing Shares is HK\$435; (ii) the value of each board lot of 1,000 Consolidated Shares would be HK\$435 assuming the Share Consolidation becoming effective; and (iii) the estimated value per board lot of 10,000 Consolidated Shares would be HK\$4,350 assuming that the Change in Board Lot Size had also been effective.

Arrangement on odd lot trading

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm to provide a matching service, on a best efforts basis, to those 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 the odd lot arrangement will be set out in the circular of the Company.

Holders of odd lots of the Consolidated Shares should note that the 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 trading arrangement are recommended to consult their own professional advisers.

Exchange of share certificates

Subject to the Share Consolidation becoming effective, the Shareholders may during the period from 19 July 2021 to 24 August 2021 (both days inclusive) submit existing share certificates in the colour of blue for the Existing Shares to the Company's branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, for exchange for new share certificates in the colour of green for the Consolidated Shares at the expenses of the Company.

Thereafter, share certificates of 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 is higher.

After 4:10 p.m. on 24 August 2021, trading will only be in the Consolidated Shares which share certificates will be issued in green colour and existing share certificates in blue colour for the Existing Shares will only remain effective as documents of title and may be exchanged for share certificates for Consolidated Shares on the basis of five (5) Existing Shares for one (1) Consolidated Share at any time but will not be accepted for delivery, trading, registration and settlement purposes.

ADJUSTMENTS IN RELATION TO OTHER SECURITIES OF THE COMPANY

As at the date of this announcement, the aggregate outstanding principal amount of the 2011 Convertible Bonds (as defined in the Company's announcement dated 31 May 2021) is HK\$44,000,000, which may be converted into 88,000,000 ordinary shares of HK\$0.1 each in the share capital of the Company at a conversion price of HK\$0.5 per share, has matured on 1 June 2021. As a result, the conversion right of the 2011 Convertible Bonds has ended on 1 June 2021.

Share Options

The Company does not have any other derivatives, options, warrants, other securities or conversion rights or other similar rights which are convertible or exchangeable into, any Existing Shares or Consolidated Shares, as at the date of this announcement.

REASON FOR THE SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE

Pursuant to Rule 17.76 of the GEM 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 issuer may be required either to change the trading method or to proceed with a consolidation or splitting of its securities. 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 has further stated that (i) market price of the Shares at a level less than HK\$0.1 will be considered as approaching the extremities of HK\$0.01 as referred to Rule 17.76 of the GEM 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.

The Shares are currently traded on the Stock Exchange in the board lot size of 5,000 Existing Shares. It is proposed that the board lot size will be increased to 10,000 Consolidated Shares when the Shares Consolidation becomes effective. Based on the closing price of HK\$0.087 per Existing Share (equivalent to the theoretical closing price of HK\$0.435 per Consolidation Share) as quoted on the Stock Exchange as at the date of this announcement, the theoretical market value of each board lot of the Consolidated Shares, assuming the Share Consolidation had become effective, would be HK\$4,350.

In view of the recent trading price of the Shares, the Board considers that the Share Consolidation will enable the Company to comply with the trading requirements under the GEM Listing Rules and 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 costs for each securities trade. With a corresponding upward adjustment in the trading price of the Consolidated Shares, the Board believes that the Share Consolidation will make investing in the Shares more attractive to a broader range of investors, and therefore further 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 the potential costs and impact arising from creation of odd lots to Shareholders. Accordingly, the Board is of the view that the Share Consolidation is beneficial to and in the interests of the Company and the Shareholders as a whole.

GENERAL

A circular containing, among other things, details of the Share Consolidation and a notice convening the EGM is expected to be despatched to the Shareholders on or before 17 June 2021. Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in doubt about any of the above matters.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Consolidation and Change in Board Lot Size is as follows:

Despatch date of circular with notice of the EGM.	17 June 2021
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM	4:30 p.m. on Friday, 9 July 2021
Closure of register of members for the entitlement to attend and vote at the EGM.	12 July 2021 to 15 July 2021 (both days inclusive)
Latest date and time for lodging forms of proxy for the EGM	11:45 a.m. on 13 July 2021
Date and time of the EGM	11:45 a.m. on 15 July 2021

Announcement of voting results of the EGM	15 July 2021
Effective date of the Share Consolidation	19 July 2021
First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares commences	19 July 2021
Dealings in the Consolidated Shares commences	9:00 a.m. on 19 July 2021
Original counter for trading in the Existing Shares in board lots of 1,000 Existing Shares (in the form of existing share certificates) temporarily closes	9:00 a.m. on 19 July 2021
Temporary counter for trading in the Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing share certificates) opens	9:00 a.m. on 19 July 2021
Original counter for trading in the Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of new share certificates) re-opens	9:00 a.m. on 2 August 2021
Parallel trading in the Consolidated Shares (in form of new share certificates and existing share certificates) commences	9:00 a.m. on 2 August 2021
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares	9:00 a.m. on 2 August 2021
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares	4:00 p.m. on 20 August 2021
Temporary counter for trading in the Consolidated Shares in board lots of 1,000 Consolidated Shares (in the form of existing share certificates) closes	4:10 p.m. on 20 August 2021
Parallel trading in Consolidated Shares (in form of new share certificates and existing share certificates) ends	4:10 p.m. on 20 August 2021
Last day for free exchange of existing share certificates for new share certificates for the Consolidated Shares	24 August 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.

DEFINITIONS

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business 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 proposed change in board lot size of the Shares for trading on the Stock Exchange from 5,000 Existing Shares to 10,000 Consolidated Shares;
“Company”	China Technology Industry Group Limited (stock code: 8111);
“Consolidated Share(s)”	ordinary share(s) of HK\$0.50 each in the share capital of the Company 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 and held to consider, and if thought fit, to approve the Share Consolidation;
“Existing Share(s)”	issued and unissued ordinary share(s) of par value of HK\$0.10 each in the share capital of the Company before the Share Consolidation becomes effective;

“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM of the Stock Exchange;
“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;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKSCC”	the Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Share(s)”	ordinary shares in the share capital of the Company, including the Existing Shares and the Consolidated Shares;
“Share Consolidation”	the proposed consolidation of every five (5) issued and unissued Existing Shares of HK\$0.10 each in the share capital of the Company into one (1) Consolidated Share of HK\$0.50;
“Shareholder(s)”	the holder(s) of the Share(s) or the Consolidated Share(s), as the case may be;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

By order of the Board
China Technology Industry Group Limited
Chiu Tung Ping
Chairman

Hong Kong, 3 June 2021

As at the date of this announcement, the Board comprises 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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and on the Company’s website at www.chinatechindgroup.com.