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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 CAPITAL REDUCTION OF ISSUED SHARES AND
SUB-DIVISION OF UNISSUED SHARES**

The Company proposes to implement the Capital Reduction involving the reduction of the par value of each issued Shares from HK\$0.50 to HK\$0.001 by cancelling the paid up share capital to the extent of HK\$0.499 per issued Ordinary Share so that following such reduction, each issued Ordinary Share with a par value of HK\$0.001 in the share capital of the Company shall become one New Ordinary Share. The credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of credit (if any) will be transferred to the distributable reserve account of the Company which may be utilised by the Directors as a distributable reserve.

Immediately following the Capital Reduction becoming effective, each authorised but unissued Ordinary Share will be sub-divided into 500 authorised but unissued New Ordinary Shares with a par value of HK\$0.001 each.

As at the date of this announcement, 460,976,684 Ordinary Shares have been issued and are fully paid or credited as fully paid. Assuming that the par value of each of the 460,976,684 issued Ordinary Shares will be reduced from HK\$0.50 to HK\$0.001 per issued Ordinary Share by cancelling the paid up share capital to the extent of HK\$0.499 per issued Ordinary Share by way of a reduction of capital, so as to form issued New Ordinary Shares with par value of HK\$0.001 each, the Company's existing issued share capital of HK\$230,488,342 will be reduced by HK\$230,027,365.316 to HK\$460,976.684.

The Capital Reduction and the Sub-division are conditional upon fulfillment of the conditions contained in the section headed “Conditions of the Capital Reduction and the Sub-division” in this announcement.

A circular containing, among other matters, details of the Capital Reduction and the Subdivision, together with a notice of EGM and the related proxy form, will be sent to the Shareholders on or before 12 January 2024.

PROPOSED CAPITAL REDUCTION OF ISSUED SHARES AND SUB-DIVISION OF UNISSUED SHARES

As at the date of this announcement, the authorised share capital of the Company is HK\$500,000,000 divided into 1,000,000,000 Ordinary Shares, of which 460,976,684 Ordinary Shares have been issued and are fully paid or credited as fully paid. The Board proposes the Capital Reduction and the Sub-division to be implemented in the following manner:

- (i) the par value of each of the issued Ordinary Shares be reduced from HK\$0.50 to HK\$0.001 per issued Ordinary Share by cancelling the paid up share capital to the extent of HK\$0.499 per issued Ordinary Share by way of a reduction of capital, so as to form issued New Ordinary Shares with par value of HK\$0.001 each;
- (ii) the credit arising from the Capital Reduction be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of credit (if any) will be transferred to a distributable reserve account of the Company and be applied for such purposes as permitted by all applicable laws and the memorandum and articles of association of the Company and as the Board considers appropriate;
- (iii) immediately following the Capital Reduction becoming effective, each of the authorised but unissued Ordinary Shares with par value of HK\$0.50 each be subdivided into 500 authorised but unissued New Ordinary Shares with par value of HK\$0.001 each; and
- (iv) each of the New Ordinary Shares arising from the Capital Reduction and Sub-division shall rank pari passu in all respects with each other and will have rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company.

Assuming there will be no change in the issued share capital of the Company from the date of this announcement up to the date on which the Capital Reduction and the Sub-division become effective, the share capital structure of the Company will be as follows:

	As of the date of this announcement	Immediately after the Capital Reduction and the Sub-division becoming effective
Par value	HK\$0.50 per Ordinary Share	HK\$0.001 per New Ordinary Share
Amount of the authorized share capital	HK\$500,000,000	HK\$500,000,000
Number of authorized shares	1,000,000,000 Ordinary Shares	500,000,000,000 New Ordinary Shares
Amount of the issued share capital	HK\$230,488,342	HK\$460,976.684
Number of issued shares	460,976,684 Ordinary Shares	460,976,684 New Ordinary Shares

The size of each board lot of the New Ordinary Shares will remain the same as that of the Ordinary Shares, being 10,000 New Ordinary Shares per board lot. The New Ordinary Shares will rank *pari passu* in all respects with each other.

As at the date of this announcement, 460,976,684 Ordinary Shares have been issued and are fully paid or credited as fully paid. Assuming that the par value of each of the 460,976,684 issued Ordinary Shares will be reduced from HK\$0.50 to HK\$0.001 per issued Ordinary Share by cancelling the paid up share capital to the extent of HK\$0.499 per issued Ordinary Share by way of a reduction of capital, so as to form issued New Ordinary Shares with par value of HK\$0.001 each, the Company's existing issued share capital of HK\$230,488,342 will be reduced by HK\$230,027,365.316 to HK\$460,976.684.

Reasons for and Effects of the Capital Reduction and the Sub-division

The proposed Capital Reduction and Sub-division will enable the par value of the Shares to be reduced from HK\$0.50 to HK\$0.001 each. The credit arising from the Capital Reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the Capital Reduction, thereby reducing the accumulated losses of the Company. The balance of credit (if any) will be transferred to the distributable reserve account of the Company which may be utilised by the Directors as a distributable reserve.

The Board is of the opinion that the proposed Capital Reduction will give greater flexibility to the Company to declare dividends and/or to undertake any corporate exercise which requires the use of distributable reserves in the future, subject to the Company's performance and when the Board considers that it is appropriate to do so in the future.

The Board considers that the Capital Reduction and the Sub-division will enable the nominal or par value of the Shares to be reduced from HK\$0.50 to HK\$0.001 each, thus giving greater flexibility to the Company to issue new Shares in the future given that the Company is not permitted, without order of the Court, to issue new Shares below their nominal or par value. It is important for Shareholders to note that, at this stage, there can be no assurance that any dividends will be declared or paid in the future, or that the Company will issue New Ordinary Shares, even if the Capital Reduction and the Sub-division take effect.

The Company intends to conduct further fund raising exercises to improve the financial position of the Company in the coming 12 months should the opportunities arise. However, as at present, the Company has no agreement, arrangement, understanding or negotiation with any parties for any potential fund raising activities.

As such, the Directors are of the view that the Capital Reduction and the Sub-division are in the best interests of the Company and its Shareholders as a whole.

Save for applying the credit arising from the Capital Reduction towards offsetting the accumulated losses of the Company and the expenses to be incurred in relation to the Capital Reduction and the Sub-division, the Directors consider that the Capital Reduction and the Sub-division will have no effect on the underlying assets, business operations, management or financial position of the Company or the proportional interests of the Shareholders in the Company.

Conditions of the Capital Reduction and the Sub-division

The Capital Reduction and the Sub-division are conditional on the following conditions being fulfilled:

- (i) the Shareholders' approval by way of special resolution at the EGM to be convened and held to consider and, if thought fit, approve, among other things, the Capital Reduction and the Sub-division;
- (ii) an order being made by the Court confirming the Capital Reduction;
- (iii) compliance with any conditions which the Court may impose in relation to the Capital Reduction;
- (iv) registration by the Registrar of Companies of the Cayman Islands of a copy of the order of the Court confirming the Capital Reduction and the minutes approved by the Court containing the particulars required under the Companies Act with respect to the Capital Reduction; and
- (v) the Listing Committee granting the listing of, and permission to deal in, the New Ordinary Shares arising from the Capital Reduction and the Sub-division.

The Capital Reduction and the Sub-division will become effective when the conditions mentioned above are fulfilled. Upon the approval by the Shareholders of the Capital Reduction and the Sub-division at the EGM, the legal advisors to the Company (as to the Cayman Islands law) will apply to the Court for hearing date(s) to confirm the Capital Reduction and a further announcement will be made by the Company as soon as practicable after the Court hearing date(s) is confirmed.

Listing and Dealings

Application will be made to the Listing Committee for the listing of, and permission to deal in, the New Ordinary Shares arising from the Capital Reduction and the Sub-division.

The New Ordinary 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. Subject to the granting of the listing of, and permission to deal in, the New Ordinary Shares on the Stock Exchange as well as compliance with the stock admission requirements of the HKSCC, the New Ordinary 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 New Ordinary 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.

Exchange of Certificates for New Ordinary Shares

As the Court hearing date(s) has yet to be fixed, the effective date of the Capital Reduction is not ascertainable at present. Should the Capital Reduction and the Sub-division become effective, Shareholders may submit existing certificates in green colour for the Ordinary Shares to the registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for exchange, at the expense of the Company, within one month from the effective date of the Capital Reduction and the Sub-division, for certificates for the New Ordinary Shares in brown colour. Details of such exchange of share certificates will be announced as soon as the effective date of the Capital Reduction and the Sub-division is ascertained.

Thereafter, all existing certificates of the Ordinary Shares will continue to be evidence of title and may 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 Shares submitted for cancellation or each new share certificate issued for the New Ordinary Shares, whichever is higher, but are not acceptable for trading, settlement and registration.

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Capital Reduction and Sub-division. The expected timetable is subject to the results of the EGM and satisfaction of the conditions to the Capital Reduction and the Sub-division and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this announcement refer to the Hong Kong local times and dates.

Despatch date of circular with notice

of the EGM on or before Friday, 12 January 2024

Latest time for lodging share transfer in order

to qualify for attending and voting at the EGM 4:30 p.m. on Monday, 29 January 2024

Closure of register of members for

determining the entitlement to attend and

vote at the EGM Tuesday, 30 January 2024 to
Friday, 2 February 2024
(both dates inclusive)

Latest time for lodging forms of proxy for the EGM. 11:00 a.m. on Wednesday, 31 January 2024

Date and time of the EGM 11:00 a.m. on Friday, 2 February 2024

Announcement of voting results of the EGM Friday, 2 February 2024

The following events are conditional on the fulfilment of the conditions for the implementation of the Capital Reduction and Sub-division and therefore the dates are tentative:

Expected time of the Capital Reduction
and the Sub-division Before 9:00 a.m. on Wednesday, 5 June 2024

Commencement of dealing in the New Ordinary Shares 9:00 a.m. on Wednesday, 5 June 2024

First day of free exchange of existing share certificates
for new shares certificates for the New Ordinary Shares Wednesday, 5 June 2024

Last day for free exchange of existing share certificates
for new share certificates for the New Ordinary Share Tuesday, 9 July 2024

GENERAL

An EGM will be convened and held for the Shareholders to consider and, if thought fit, approve, among other matters, the Capital Reduction and the Sub-division. A circular containing, among other things, further details of the Capital Reduction and the Sub-division, together with a notice convening the EGM and the related proxy form, will be despatched by the Company to the Shareholders on or before 12 January 2024.

As no Shareholders have a material interest in the Capital Reduction and the Sub-division, no Shareholders will be required to abstain from voting on the resolutions to approve the Capital Reduction and the Sub-division.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Board”	the board of Directors
“Business Day”	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“Capital Reduction”	the proposed reduction of the issued share capital of the Company by reducing the par value of each issued Ordinary Share from HK\$0.50 to HK\$0.001 by cancelling the paid up share capital to the extent of HK\$0.499 per issued Ordinary Share
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act, Cap. 22 (As Revised), of the Cayman Islands as consolidated and revised
“Company”	China Technology Industry Group Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the GEM (Stock Code: 8111)
“Court”	the Grand Court of the Cayman Islands
“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, among other things, the Capital Reduction and Sub-division
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Group”	the Company and its subsidiaries (from time to time)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Listing Committee”	has the meaning ascribed thereto under the GEM Listing Rules
“New Ordinary Share(s)”	ordinary share(s) with par value of HK\$0.001 each in the share capital of the Company immediately following the Capital Reduction and the Sub-division becoming effective
“Ordinary Share(s)”	ordinary share(s) with par value of HK\$0.50 each in the share capital of the Company prior to the Capital Reduction and the Sub-division becoming effective
“Share(s)”	the ordinary share(s) in the share capital of the Company from time to time
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-division”	the proposed sub-division of each authorised but unissued Ordinary Share into 500 authorised but unissued New Ordinary Shares
“%”	per cent

By order of the Board
China Technology Industry Group Limited
Huang Bo
Chairman

Hong Kong, 2 January 2024

As at the date of this announcement, the Board comprises the following Directors.

Executive Directors:

Huang Bo (*Chairman*)

Huang Yuanming

Hu Xin

Tse Man Kit Keith

Independent non-executive Directors:

Cheung Ting Kin

Ma Xingqin

Qiao Wencai

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 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.