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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Glory Sun Securities Limited

On 14 December 2022 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed to act as the placing agent of the Company to procure on a best effort basis not less than six (6) Placees, who and whose ultimate beneficial owners (if any) shall be Independent Third Parties, to subscribe for up to 14,400,000 Placing Shares at the Placing Price of HK\$0.4 per Placing Share. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum number of 14,400,000 Placing Shares under the Placing represents 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares in full.

The Placing Price of HK\$0.4 per Placing Share represents (i) a premium of approximately 2.56% to the closing price of HK\$0.39 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 11.42% to the average closing price of HK\$0.359 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

Assuming that all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$5,760,000 and the net proceeds (after deduction of placing fees and other expenses of the Placing) from the Placing will be approximately HK\$5,700,000, representing a net placing price of approximately HK\$0.396 per Placing Share. The Directors intend to use the net proceeds for the general working capital of the Group.

Given that Completion may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

On 14 December 2022 (after trading hours of the Stock Exchange), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed to act as the placing agent of the Company to procure on a best effort basis not less than six (6) Placées, who and whose ultimate beneficial owners (if any) shall be Independent Third Parties, to subscribe for up to 14,400,000 Placing Shares at the Placing Price of HK\$0.4 per Placing Share.

THE PLACING AGREEMENT

The principal terms of the Placing Agreement are as follows:

Date:	14 December 2022
Issuer:	the Company
Placing Agent:	Glory Sun Securities Limited

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

The Placing Agent will charge the Company a placing fee of 0.5% of the aggregate Placing Price of the Placing Shares placed by the Placing Agent. The placing fee payable to the Placing Agent under the Placing Agreement was negotiated on an arm's length basis between the Company and the Placing Agent and determined with reference to, amongst other things, the prevailing market commission rate for similar transactions, the size of the Placing and the price performance of the Shares.

The Directors consider that the terms of the Placing Agreement, including the placing fee, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Placees

The Placing Shares are to be placed on a best effort basis to not less than six (6) Placees, who and whose ultimate beneficial owners (if any) shall be Independent Third Parties. Upon Completion, it is expected that none of the Placees will become a substantial shareholder of the Company.

Number of Placing Shares

Assuming there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, the maximum number of 14,400,000 Placing Shares under the Placing represents 20% of the existing issued share capital of the Company as at the date of this announcement and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares in full.

The aggregate nominal value of the maximum of 14,400,000 Placing Shares under the Placing will be HK\$5,760,000.

Placing Price

The Placing Price of HK\$0.4 per Placing Share represents (i) a premium of approximately 2.56% to the closing price of HK\$0.39 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a premium of approximately 11.42% to the average closing price of HK\$0.359 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately preceding the date of the Placing Agreement.

The Placing Price was determined and negotiated on an arm's length basis between the Company and the Placing Agent with reference to the prevailing market price of the Shares, the recent trading performance of the Shares and the nominal value of the Shares. The Directors consider that the Placing Price is fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Ranking of Placing Shares

The Placing Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Condition of the Placing

Completion of the Placing is conditional upon the Listing Committee of the Stock Exchange having granted approval for the listing of, and permission to deal in, the Placing Shares.

If the above condition is not fulfilled by 11 January 2023 (or such other date as may be agreed in writing between the Company and the Placing Agent), all rights, obligations and liabilities of the Company and the Placing Agent under the Placing Agreement shall cease and terminate and neither of the Parties shall have any claim against the other in respect of the Placing, save for any antecedent breach under the Placing Agreement prior to such termination.

Completion

Completion of the Placing will take place on the third Business Day after the fulfillment of the condition as set out above or such other date agreed by the Company and the Placing Agent.

Application for listing of the Placing Shares

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate. The maximum number of Shares to be allotted and issued under the General Mandate has been adjusted to reflect the Share Consolidation, which is 14,400,000 Shares (representing 20% of the total number of issued Shares at the time immediately after the Share Consolidation). Up to the date of this announcement, the Company has not issued any Shares under the General Mandate.

The allotment and issue of the Placing Shares is not subject to the Shareholders' approval.

Termination of the Placing Agreement

Pursuant to the Placing Agreement, the Placing Agent is entitled to terminate the arrangements set out in the Placing Agreement by notice in writing prior to 10:00 a.m. on the Completion Date (or such other date as may be agreed between the Parties), if in its reasonable opinion, the success of the Placing would be materially and adversely affected by any of the following force majeure events:

- (a) the introduction of any new laws or regulations or any changes in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole;
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or
- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation suspension or material restriction or trading in securities) occurs which affect the success of the Placing (such success being the placing of the Placing Shares to potential investor(s)) or otherwise in the reasonable opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing.

Upon giving notice pursuant to the paragraph above, all obligations of the Company and the Placing Agent under the Placing Agreement shall cease and determine and none of the Parties shall have any claim against any other Party in respect of any matter arising out of or in connection with the Placing Agreement, save for any antecedent breach and any rights or obligations which may have accrued under the Placing Agreement prior to such termination.

REASONS FOR THE PLACING AND THE USE OF PROCEEDS

The Company is an investment holding company and the Group is principally engaged in the trading of millwork, furniture and facade fabrication and provision of interior design, project consultancy, maintenance and interior solutions services.

Assuming that all the Placing Shares are fully placed, the gross proceeds from the Placing will be approximately HK\$5,760,000 and the net proceeds (after deduction of placing fees and other expenses of the Placing) from the Placing will be approximately HK\$5,700,000, representing a net placing price of approximately HK\$0.396 per Placing Share. The Directors intend to use the net proceeds for the general working capital of the Group.

The Directors are of the view that the Placing will strengthen the Group's financial position, widen the Company's shareholder base and is in the interests of the Company and the Shareholders as a whole.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company had not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon Completion (assuming the maximum number of Placing Shares are placed and there is no change in the share capital of the Company from the date of this announcement up to the Completion) is set out as follows:

Shareholders	As at the date of this announcement		Immediately upon Completion	
	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue (Note 2)</i>	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue (Note 2)</i>
CGH (BVI) Limited ("CGH (BVI)") (Note 1)	10,040,000	13.94	10,040,000	11.62
The Placees	-	-	14,400,000	16.67
Other Public Shareholders	61,960,000	86.06	61,960,000	71.71
Total	<u>72,000,000</u>	<u>100.00</u>	<u>86,400,000</u>	<u>100.00</u>

Notes:

1. CGH (BVI) is a company incorporated in the British Virgin Islands whose issued share capital is owned as to 50% and 50% by Mr. Lee Wai Sang ("Mr. Lee") and Ms. Leung Mo Shan Jackie, the spouse of Mr. Lee.
2. The percentages are subject to rounding difference, if any.

Given that Completion may or may not take place, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“associate(s)”	has the meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday, public holiday in Hong Kong and a day on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which banks in Hong Kong are open for general business
“Company”	CROSSTEC Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares are listed on the Main Board of the Stock Exchange
“Completion”	the completion of the Placing in accordance with the terms and condition as set out in the Placing Agreement
“Completion Date”	the third Business Day following the fulfillment of the condition set out in the Placing Agreement (or such other date agreed by the Company and the Placing Agent)
“Director(s)”	director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders pursuant to an ordinary resolution passed at the annual general meeting of the Company held on 3 December 2021, under which the maximum number of Shares to be allotted and issued has been adjusted to 14,400,000 Shares to reflect the Share Consolidation
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Third Party(ies)”	third party (parties) who is/are independent of, and not acting in concert (within the meaning of the Takeovers Code) with, and not connected with, the Company, the Directors, the chief executive or substantial shareholder(s) of the Company or its subsidiaries or any of their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Party(ies)”	the named parties to the Placing Agreement and their respective successors and permitted assigns
“Placee(s)”	any professional, institutional and/or other investor(s) procured by the Placing Agent or its agents to subscribe for any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing, on a best effort basis, of up to 14,400,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Glory Sun Securities Limited, a corporation licensed to carry on type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 14 December 2022 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.4 per Placing Share
“Placing Shares”	up to 14,400,000 new Shares to be placed pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.4 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Share Consolidation”	the share consolidation of every ten then issued and unissued ordinary shares with a par value of HK\$0.04 each in the share capital of the Company into one ordinary share with a par value of HK\$0.4 each in the share capital of the Company with effect from 23 August 2022

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning as ascribed thereto under the Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
CROSSTEC Group Holdings Limited
Hu Xiongjie
Chairman

Hong Kong, 14 December 2022

As at the date of this announcement, the Board comprises Mr. Hu Xiongjie and Mr. Lam Wing Hung as executive Directors; and Mr. So Chi Hang, Mr. Heng Ching Kuen Franklin and Mr. Tsang Ho Yin as independent non-executive Directors.