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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)

PROFIT WARNING

This announcement is made by CROSSTEC Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the information currently available and the preliminary review on the Group’s unaudited consolidated management accounts for the six months ended 31 December 2021 (the “**Period**”), the Group is expected to record a consolidated net loss of approximately HK\$8.2 million for the Period, as compared to the consolidated net loss of approximately HK\$3.8 million for the six months ended 31 December 2020. The Group expects to record the first ever net liabilities of approximately HK\$0.9 million as at 31 December 2021, while a net asset value of approximately HK\$7.3 million was recorded as at 30 June 2021, due to the accumulated loss.

The Board considers that the increase in the consolidated net loss of the Group for the Period is mainly attributable to the decrease in revenue (2021: approximately HK\$23.8 million; 2020: approximately HK\$53.8 million) and gross profit (2021: approximately HK\$6.4 million; 2020: approximately HK\$11.4 million) by approximately HK\$30.0 million and approximately HK\$5.0 million respectively mainly due to the slowdown in implementing the business strategies in relation to renovation and new shops roll out of certain customers of the Group as a result of the continuous impact of the COVID-19.

The Board would like to emphasize that despite the adverse impacts of the COVID-19, it has full confidence in the Company's business and future development prospects, in particular exploring business opportunities in online game business. Having considered, among others, the obtaining of an unsecured and unguaranteed loan facility from a substantial Shareholder (as defined under the Listing Rules), which is owned by Mr. Lee Wai Sang ("Mr. Lee"), the chairman of the Board, chief executive officer of the Company and executive Director and Ms. Leung Mo Shan Jackie, an executive Director and the spouse of Mr. Lee, at 50% interest each, for two years from the date of loan facility, the Board concluded that the Group has sufficient financial resources for its operations and continue to operate as a going concern in the foreseeable future.

The information contained in this announcement is only based on the preliminary assessment of the information currently available to the Board, including the unaudited consolidated management accounts of the Group for the Period which have not been audited by the Company's auditor nor reviewed by the Company's audit committee, and may be subject to adjustments. Details of the Group's financial information and performance will be disclosed in the Group's unaudited interim results announcement for the Period which is expected to be released before the end of February 2022.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 27 January 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.