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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



Zijing Capital Limited

On 22 March 2024 (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 25,920,000 Placing Shares at the Placing Price of HK\$0.26 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 25,920,000 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\$0.26 per Placing Share represents (i) a discount of approximately 10.34% to the closing price of HK\$0.29 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 15.03% to the average closing price of HK\$0.306 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\$6,740,000 and the net proceeds (after deduction of placing fees and other expenses of the Placing) from the Placing will be approximately HK\$6,520,000, representing a net placing price of approximately HK\$0.252 per Placing Share. The Directors intend to use the net proceeds for the payment of subcontracting charges for the interior solutions projects 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 22 March 2024 (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 25,920,000 Placing Shares at the Placing Price of HK\$0.26 per Placing Share.

THE PLACING AGREEMENT

The principal terms of the Placing Agreement are as follows:

Date: 22 March 2024

Issuer: the Company

Placing Agent: Zijing Capital 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 3.0% 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 25,920,000 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 25,920,000 Placing Shares under the Placing will be HK\$259,200.

Placing Price

The Placing Price of HK\$0.26 per Placing Share represents (i) a discount of approximately 10.34% to the closing price of HK\$0.29 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and (ii) a discount of approximately 15.03% to the average closing price of HK\$0.306 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 and the recent trading performance 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 12 April 2024 (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 fourth 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 is 25,920,000 Shares (representing 20% of the total number of issued Shares at the time approving the General Mandate). 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 9:00 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 events:

- (a) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events, developments or changes occurring or continuing before, on and/or after the date of the Placing Agreement) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a change in, political, economic, fiscal, financial, regulatory or stock market conditions and which in the Placing Agent's reasonable opinion would affect the success of the Placing;

- (b) the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise and which in the Placing Agent's reasonable opinion, would affect the success of the Placing;
- (c) any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group and if in the Placing Agent's reasonable opinion any such new law or change may affect the business or financial prospects of the Group and/or the success of the Placing;
- (d) any litigation or claim being instigated against any member of the Group, which has or may have a material effect on the business or financial position of the Group and which in the Placing Agent's reasonable opinion would affect the success of the Placing;
- (e) any breach of any of the representations and warranties of the Company comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Completion Date which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in a material respect or there has been a breach by the Company of any other provision of the Placing Agreement; or
- (f) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed.

Upon giving notice pursuant to the paragraph above, all obligations of the Company and the Placing Agent under the Placing Agreement shall cease and terminate 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\$6,740,000 and the net proceeds (after deduction of placing fees and other expenses of the Placing) from the Placing will be approximately HK\$6,520,000, representing a net placing price of approximately HK\$0.252 per Placing Share. The Directors intend to use the net proceeds for the payment of subcontracting charges for the interior solutions projects 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

On 17 May 2023, the Company announced to issue an aggregate of 43,200,000 ordinary shares (the "**Rights Shares**") upon completion of the issue and allotment of 43,200,000 Rights Shares to the valid applicants pursuant to the rights issue on the basis of one Rights Share for every two existing ordinary shares held by the qualifying Shareholders at a subscription price of HK\$0.4 per Rights Share ("**Rights Issue**"). The Rights Issue became unconditional on 17 July 2023 and were completed on 21 July 2023. The gross proceeds from the Rights Issue were approximately HK\$17,280,000 and the net proceeds were approximately HK\$16,280,000 after deducting the related expenses. The net proceeds of the Rights Issue were fully utilized to repay part of the Group's borrowings. Further details were set out in the Company's announcements dated 17 May 2023 and 21 July 2023 and Company's prospectus dated 30 June 2023. These Right Shares issued rank pari passu with the existing shares in all respects.

Save as disclosed above, 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</i>	<i>Number of Shares held</i>	<i>Approximate % of total Shares in issue</i>
MK Investment Group Limited	24,700,000	19.06	24,700,000	15.88
The Placees	–	–	25,920,000	16.67
Other Public Shareholders	104,900,000	80.94	104,900,000	67.45
Total	129,600,000	100.00	155,520,000	100.00

Note:

1. 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 fourth 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 15 December 2023, under which the maximum number of Shares to be allotted and issued is 25,920,000 Shares
“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 25,920,000 Placing Shares pursuant to the terms of the Placing Agreement
“Placing Agent”	Zijing Capital Limited, a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)
“Placing Agreement”	the conditional placing agreement dated 22 March 2024 and entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$0.26 per Placing Share
“Placing Shares”	up to 25,920,000 new Shares to be placed pursuant to the Placing Agreement
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“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
Wang Rong
Executive Director

Hong Kong, 22 March 2024

As at the date of this announcement, the Board comprises Mr. Wang Rong and Mr. Cui Qingbo as executive Directors; Mr. Tsang Ho Yin as a non-executive Director; Ms. Lee Kwai Sheung, Mr. Tse Kwok Hing Henry and Mr. Ma Jian as independent non-executive Directors.