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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 and potential investors that, based on the information currently available and the preliminary review on the Group's unaudited consolidated management accounts for the year ended 30 June 2020 (the "**Year**"), the Group is expected to record a consolidated net loss for the Year ranging from approximately HK$28.0 million to approximately HK$30.0 million, as compared to the consolidated net loss of approximately HK$9.6 million for the year ended 30 June 2019.

The Board considers that the increase in the consolidated net loss of the Group for the Year is mainly attributable to the following reasons:

(i) the decrease in revenue (2020: approximately HK$53.8 million; 2019: approximately HK$95.3 million) and gross profit (2020: approximately HK$17.1 million; 2019: approximately HK$31.3 million) by approximately HK$41.5 million and approximately HK$14.2 million respectively mainly due to the slowdown in implementing the business strategies in relation to renovation and new shops roll out of certain major customers of the Group as a result of the aggravated social unrest in Hong Kong since the second half of 2019, coupled with the outbreak of Coronavirus Disease 2019 (COVID-19) in early 2020 and the continuous impact of the COVID-19; and

(ii) the recognition of impairment loss on certain property, plant and equipment of the Group ranging from approximately HK$8.5 million to approximately HK$9.5 million (the "**Impairment Loss**") due to the deteriorated economic environment and uncertain outlook of the Group's business following the outbreak of the COVID-19 pandemic.

The Board would like to emphasize that the Impairment Loss is primarily non-cash and non-recurring in nature and do not have any impact on the Group's business operations and cash flow.

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 Year 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 annual results announcement for the Year which is expected to be released before the end of September 2020.

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, 10 September 2020

As at the date of this announcement, the Board comprises Mr. Lee Wai Sang, Mr. Lau King Lok and Mr. Leung Pak Yin as executive Directors; and Mr. So Chi Hang, Mr. Heng Ching Kuen Franklin and Mr. Shing Wai Yip as independent non-executive Directors.