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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)

DISCLOSEABLE TRANSACTION IN RELATION TO TENANCY AGREEMENT

THE TENANCY AGREEMENT

The Board announces that on 16 January 2023, Crosstec Business Management, an indirect wholly-owned subsidiary of the Company, as the tenant entered into the Tenancy Agreement with the Landlord in respect of the lease of the Premises for a term of 3 years from 1 February 2023 to 31 January 2026 (both days inclusive).

LISTING RULES IMPLICATIONS

Pursuant to HKFRS 16, the Company will recognise a right-of-use asset on its consolidated statement of financial position in connection with the lease of the Premises under the Tenancy Agreement. As such, the entering into of the Tenancy Agreement will be regarded as an acquisition of asset by the Group under Chapter 14 of the Listing Rules.

As all of the applicable percentage ratios calculated based on the value of the right-of-use of the Premises under the Tenancy Agreement to be recognised by the Company according to HKFRS 16, are more than 5% but less than 25%, the entering into of the Tenancy Agreement constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that on 16 January 2023, Crosstec Business Management, an indirect wholly-owned subsidiary of the Company, as the tenant entered into the Tenancy Agreement with the Landlord in respect of the lease of the Premises for a term of 3 years from 1 February 2023 to 31 January 2026 (both days inclusive).

THE TENANCY AGREEMENT

Principal terms of the Tenancy Agreement are summarised as follows:

- Date:** 16 January 2023
- Parties:** (1) the Landlord; and
(2) Crosstec Business Management as tenant, an indirect wholly-owned subsidiary of the Company
- Premises:** Office Whole of the Ninth Floor of Olympia Plaza, 255 King's Road, North Point, Hong Kong
- Term:** Three (3) years commencing on 1 February 2023 and expiring on 31 January 2026 (both days inclusive)
- Use of the Premises:** To use the Premises as offices of the Group
- Rent:** HK\$155,060.00 per calendar month, exclusive of government rates, government rent, air-conditioning, management charges and other outgoings
- Rent-free period:** Seven (7) months from 1 February 2023 to 30 April 2023, from 1 February 2024 to 31 March 2024 and from 1 February 2025 to 31 March 2025
- During the rent-free period, Crosstec Business Management shall continue to pay all government rates, government rent, air-conditioning, management charges, utility charges and other outgoings

RIGHT-OF-USE ASSET

Pursuant to HKFRS 16, as a result of the entering into of the Tenancy Agreement, the unaudited value of the right-of-use asset to be recognised by the Company under the terms of the Tenancy Agreement amounted to approximately HK\$5.84million, being the present value of the aggregate rental payment under the Tenancy Agreement at the inception of the lease term under the Tenancy Agreement in accordance with HKFRS 16. The total rent payable by the Group will be settled by the internal resources of the Group. The final value of the right-of-use asset to be recorded by the Company will be subject to audit.

REASONS AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENT

Having considered factors such as office space, location, rent and other commercial terms offered by the Landlord, the Directors are of the view that it is in the interests of the Group to enter into the Tenancy Agreement and use the Premises as its new head office and principal place of business in Hong Kong.

The terms of the Tenancy Agreement were arrived at after arm's length negotiations between the Landlord and Crosstec Business Management and the rental was determined with reference to the prevailing market rental of comparable properties in the nearby locations. The Directors consider that the Tenancy Agreement has been entered into in the ordinary and usual course of business of the Group, the terms of the Tenancy Agreement are fair and reasonable, and the entering into of the Tenancy Agreement is in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

Crosstec Business Management, a company incorporated in Hong Kong with limited liability, is an indirect wholly-owned subsidiary of the Company. It is principally engaged in the provision of administrative services in Hong Kong.

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.

The Landlord is a company incorporated in Hong Kong with limited liability and is principally engaged in property investment.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquires, the Landlord and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

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As all of the applicable percentage ratios calculated based on the value of the right-of-use of the Premises under the Tenancy Agreement to be recognised by the Company according to HKFRS 16, are more than 5% but less than 25%, the entering into of the Tenancy Agreement constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“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
“Crosstec Business Management”	Crosstec Business Management Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKFRS 16”	the “Hong Kong Financial Reporting Standard 16 – Leases” issued by the Hong Kong Institute of Certified Public Accountants, setting out the principles for the recognition, measurement, presentation and disclosure of leases
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Landlord”	Ka Chee Co. Limited, a company incorporated in Hong Kong with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Premises”	Office Whole of the Ninth Floor of Olympia Plaza, 255 King’s Road, North Point, Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.4 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tenancy Agreement”	the tenancy agreement dated 16 January 2023 entered into between the Landlord and Crosstec Business Management in relation to the lease of the Premises
“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, 16 January 2023

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.