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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)**

**(1) PROPOSED RIGHTS ISSUE ON THE BASIS OF  
ONE RIGHTS SHARE FOR EVERY TWO SHARES  
HELD ON THE RECORD DATE  
ON A NON-UNDERWRITTEN BASIS  
AND  
(2) CLOSURE OF REGISTER OF MEMBERS**

**PROPOSED RIGHTS ISSUE**

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.4 per Rights Share to raise up to approximately HK\$17.28 million (before deducting professional fees and other related expenses) by issuing up to 43,200,000 Rights Shares (assuming no changes in the share capital of the Company on or before the Record Date) to the Qualifying Shareholders.

The estimated net proceeds of the Rights Issue will be up to approximately HK\$16.28 million (assuming (i) full acceptance by the Qualifying Shareholders under the Rights Issue; and (ii) no changes in the share capital of the Company on or before the Record Date). The Company intends to utilize the entire net proceeds from the Rights Issue for repayment of outstanding indebtedness.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. There is no minimum subscription level and no minimum amount is required to be raised under the Rights Issue.

## **LISTING RULES IMPLICATIONS**

As the Rights Issue will not increase the total number of the issued Shares or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not subject to minority Shareholders' approval pursuant to Rule 7.19A of the Listing Rules.

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Friday, 23 June 2023 to Thursday, 29 June 2023 (both days inclusive) for the purpose of determining the Shareholders' entitlements to the Rights Issue. During this period, no transfers of Shares will be registered.

## **GENERAL**

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders on Friday, 30 June 2023. The Company will despatch the Prospectus to the Excluded Shareholders for their information only, but the Company will not send the PALs and EAFs to the Excluded Shareholders.

**WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL- PAID RIGHTS SHARES**

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the fulfillment and/or waiver (where applicable) of conditions including, among other things, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Please refer to the section headed “Conditions of the Rights Issue” in this announcement. Accordingly, the Rights Issue will not proceed if any of the conditions of the Rights Issue is not satisfied.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Rights Issue are fulfilled, and any Shareholder dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders or other persons contemplating any dealing in the Shares or Rights Shares in their nil-paid form should consult their professional advisers.

The Shares are expected to be dealt in on an ex-rights basis from Tuesday, 20 June 2023. Dealings in the Rights Shares in nil-paid form are expected to take place from Tuesday, 4 July 2023 to Tuesday, 11 July 2023 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Subject to the fulfillment and/or waiver (where applicable) of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.

## PROPOSED RIGHTS ISSUE

The Company proposes to implement the Rights Issue on the basis of one (1) Rights Share for every two (2) Shares held on the Record Date at the Subscription Price of HK\$0.4 per Rights Share to raise up to approximately HK\$17.28 million (before deducting professional fees and other related expenses) by issuing up to 43,200,000 Rights Shares (assuming no changes in the share capital of the Company on or before the Record Date) to the Qualifying Shareholders.

The Rights Issue will not be extended to the Excluded Shareholder(s), if any. The further details of the Rights Issue are set out below:

### Issue statistics

Basis of the Rights Issue	:	one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.4 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue on a per Rights Share basis)	:	Approximately HK\$0.3769 per Rights Share (assuming no changes in the share capital of the Company on or before the Record Date)
Number of Shares in issue as at the date of this announcement	:	86,400,000 Shares
Number of Rights Shares to be issued under the Rights Issue	:	Up to 43,200,000 Rights Shares (assuming no changes in the share capital of the Company on or before the Record Date)
Aggregate nominal value of the Rights Shares	:	Up to approximately HK\$17,280,000 (assuming no changes in the share capital of the Company on or before the Record Date)
Total number of Shares in issue as enlarged by the allotment and issue of the Rights Shares (assuming that the Rights Issue is fully subscribed)	:	Up to 129,600,000 Shares (assuming no changes in the share capital of the Company on or before the Record Date and no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)

Maximum funds to be raised (before expenses)	:	Up to approximately HK\$17.28 million (assuming no changes in the share capital of the Company on or before the Record Date and all the Rights Shares are taken up)
Net proceeds of the Rights Issue	:	Up to approximately HK\$16.28 million (assuming no changes in the share capital of the Company on or before the Record Date)
Right of excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional entitlements

As at the date of this announcement, the Company has no outstanding derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into or confer any right to subscribe for Shares. The Company has no intention to issue or grant any Shares, convertible securities, warrants and/or options on or before the Record Date.

Assuming no changes in the share capital of the Company on or before the Record Date, 43,200,000 Rights Shares to be issued pursuant to the terms of the Rights Issue represent (i) approximately 50.00% of the total number of issued Shares as at the date of this announcement; and (ii) approximately 33.33% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

### **Subscription Price**

The Subscription Price of HK\$0.4 per Rights Share is payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 9.09% to the closing price of HK\$0.44 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 8.05% to the average of the closing prices of approximately HK\$0.435 per Share as quoted on the Stock Exchange for the five consecutive trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 6.26% to the theoretical ex-rights price of approximately HK\$0.4267 per Share based on the closing price of HK\$0.44 per Share as quoted on the Stock Exchange on the Last Trading Day and the number of Shares as enlarged by the Rights Shares; and

- (iv) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) represented by a discount of approximately 3.02% to the theoretical diluted price of approximately HK\$0.4267 per Share based on the benchmarked price of approximately HK\$0.44 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.44 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to the Last Trading Day of approximately HK\$0.425 per Share).

The reference of Subscription Price to the consolidated net asset value per Share is not applicable as the Company is currently at net liabilities position. The Subscription Price was determined with reference to, among other things, (i) the par value of HK\$0.4 each Share; (ii) the market price of the Shares under the prevailing market conditions; (iii) the latest business performance and financial position of the Group; and (iv) the recent trading performance of the Shares.

The Directors (including the independent non-executive Directors) consider the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole, after taking into account that (i) the Qualifying Shareholders who do not wish to take up their provisional entitlements under the Rights Issue can sell the nil-paid rights in the market; (ii) the Rights Issue allows the Qualifying Shareholders to subscribe for their pro-rata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company and apply for excess Rights Shares subject to the level of acceptance; and (iii) the Subscription Price was determined with reference to the prevailing market prices and the financial position of the Group.

### **Basis of provisional allotments**

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) Shares in issue and held by the Qualifying Shareholders at the close of business on the Record Date at the Subscription Price payable in full on acceptance and otherwise on the terms and subject to the conditions set out in the Prospectus Documents.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by lodging a duly completed PAL and a cheque or a banker's cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance. Any holding (or balance of holdings) of less than two (2) Shares will not entitle the holders to be provisionally allotted a Rights Share. Please refer to the arrangement as referred to in the paragraph headed "Fractional entitlements of the Rights Shares" below.

## **Qualifying Shareholders**

To qualify for the Rights Issue, a Shareholder must be registered as a member of the Company and not being an Excluded Shareholder as at the close of business on the Record Date. In order to be registered as a member of the Company on the Record Date, a Shareholder must lodge the relevant transfer(s) of Share(s) (with the relevant share certificates) with the Registrar by 4:30 p.m. on Wednesday, 21 June 2023.

The last day of dealing in the Shares on cum-rights basis is Monday, 19 June 2023. The Shares will be dealt with on an ex-rights basis from Tuesday, 20 June 2023. Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Excluded Shareholders should note that their shareholdings in the Company will be diluted.

Shareholders whose Shares are held by nominee companies (or which are deposited in CCASS) should note that the Board will regard a nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies (or which are deposited in CCASS) are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors of the Company should consult their professional advisers if they are in doubt.

## **Excluded Shareholder(s) (if any)**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. As at 30 April 2023, there were no Overseas Shareholders. The Company notes the requirements specified in the notes to Rule 13.36(2)(a) of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder(s) (if any). If the Directors consider that it is necessary or expedient to exclude any Shareholder from the Rights Issue on account either of the legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s) after taking into consideration of the legal opinions provided by the legal advisers to the Company, the Rights Issue will not be extended to such Overseas Shareholder(s) (if any).

The basis for excluding the Excluded Shareholder(s), if any, from the Rights Issue will be set out in the Prospectus. The Company will send the Prospectus only (without the PAL and the EAF) and a letter explaining the circumstances in which the Excluded Shareholders are not permitted to participate in the Rights Issue to the Excluded Shareholders for their information only.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Excluded Shareholder(s) to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses and stamp duty, of more than HK\$100 will be paid to the relevant Excluded Shareholder(s) pro rata to their shareholdings held on the Record Date. The Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlement of Excluded Shareholder(s) to the Rights Shares, and any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares, will be made available for excess applications by Qualifying Shareholders under the EAF(s).

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue subject to the results of the enquiries made by the Company pursuant to the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the securities of the Company.**

#### **Fractional entitlements of the Rights Shares**

In any event, fractions of the Rights Shares will not be provisionally allotted to any of the Qualifying Shareholders. Fractional entitlements will be rounded down to the nearest whole number of Rights Shares. Any Rights Share created from the aggregation of fractions of the Rights Shares will be made available for excess application by the Qualifying Shareholders as described in the paragraph headed “Application for excess Rights Shares” below. No odd-lot matching services will be provided.

#### **Application for excess Rights Shares**

Qualifying Shareholders are entitled to apply for, by way of excess application:

- (i) any unsold entitlements to the Rights Shares of the Excluded Shareholder(s) (if any);
- (ii) any unsold Rights Shares created by aggregating fractions of the Rights Shares; and
- (iii) any nil-paid Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise not subscribed for by renounees or transferees of nil-paid Rights Shares.

(i) to (iii) are collectively referred to as “**Untaken Rights**”.

Applications for excess Rights Shares may be made by completing an EAF and lodging the same with a separate remittance for the full amount payable for the excess Rights Shares being applied for. Pursuant to Rule 7.21(3)(a) of the Listing Rules, the Directors will allocate any excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (i) any excess Rights Shares will be allocated to Qualifying Shareholders who apply for them as far as practicable on a pro-rata basis by reference to the number of the excess Rights Shares applied for under each application;
- (ii) no references will be made to the Rights Shares subscribed through applications by PALs or the existing number of Shares held by Qualifying Shareholders; and
- (iii) no preferences will be given to applications for topping up odd-lot holdings to whole lot holdings.

If the aggregate number of Rights Shares underlying the Untaken Rights is greater than the aggregate number of excess Rights Shares being applied for under EAFs, the Directors will allocate to each Qualifying Shareholder who applies for excess Rights Shares the actual number of excess Rights Shares being applied for.

Investors whose Shares are held by a nominee company (including HKSCC Nominees Limited) should note that for the purpose of the Rights Issue, the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, investors should note that the aforesaid arrangement in relation to the allocation of excess Rights Shares will not be extended to beneficial owners individually. Investors whose Shares are held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. For those investors who would like to have their names registered on the register of members of the Company, all necessary documents must be lodged with the Registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by 4:30 p.m. on Wednesday, 21 June 2023.

### **Status of the Rights Shares**

The Rights Shares, when allotted and issued, shall rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid by the Company after the date of allotment and issue of the Rights Shares in their fully-paid form.

### **Share certificates and refund cheques for the Rights Issue**

Subject to the fulfillment and/or waiver (where applicable) of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses, at their own risk, on or before Monday, 24 July 2023.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Monday, 24 July 2023 by ordinary post to the applicants' registered addresses, at their own risk.

### **Application for listing of the Rights Shares**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms.

The board lot size of the nil-paid Rights Shares will be the same as that of the fully-paid Rights Shares, i.e. 4,000 Shares in one board lot.

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement dates of the dealings in the Rights Shares in both their nil-paid and fully-paid forms or such other dates as may be determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### **Stamp duty and other applicable fees**

Dealing in the Rights Shares in both their nil-paid and fully-paid forms which are registered in the register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, or any other applicable fees and charges in Hong Kong.

## **Taxation**

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding Excluded Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

## **Conditions of the Rights Issue**

The Rights Issue is conditional upon the fulfillment or waiver (as appropriate) of each of the following conditions:

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance not later than the Posting Date;
- (b) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus and a letter to the Excluded Shareholders, if any, for information purpose only explaining the circumstances in which they are not permitted to participate in the Rights Issue on the Posting Date;
- (c) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of, and permission to deal, in the Shares as well as the Rights Shares in nil-paid and fully-paid forms by no later than the Business Day prior to the first day of their dealings; and
- (d) each condition to enable the Rights Shares in their nil-paid or fully-paid forms to be admitted as eligible securities for deposit, clearance and settlement in CCASS having been satisfied on or before the Business Day prior to the commencement of trading of the Rights Shares (in their nil paid and fully-paid forms, respectively) and no notification having been received by the Company from the HKSCC by such time that such admission or facility for holding and settlement has been or is to be refused.

All conditions set out above cannot be waived. If any of the above conditions is not satisfied at or prior to the respective time stipulated therein, the Rights Issue will not proceed.

## **Non-underwritten basis**

Subject to the fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and the level of subscription of the excess Rights Shares. There is no minimum subscription level and no minimum amount is required to be raised under the Rights Issue.

As the Rights Issue will proceed on a non-underwritten basis, the Shareholder who applies to take up all or part of his/her/its entitlement under the PAL(s) may unwittingly incur an obligation to make a general offer for the Shares under the Takeovers Code. Accordingly, the Rights Issue will be made on terms that the Company will provide for the Shareholders to apply on the basis that if the Rights Shares are not fully taken up, the application of any Shareholder (except for HKSCC Nominees Limited) for his/her/its assured entitlement under the PAL or for excess Rights Shares under the EAF can be scaled down to a level which does not trigger an obligation on part of the relevant Shareholder to make a general offer under the Takeovers Code in accordance with the note to Rule 7.19(5)(b) of the Listing Rules.

## **EXPECTED TIMETABLE**

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled:

<b>Event</b>	<b>Date</b>
Publication of the Rights Issue announcement.....	Wednesday, 17 May 2023
Last day of dealing in the Shares on a cum-rights basis .....	Monday, 19 June 2023
First day of dealing in the Shares on an ex-rights basis .....	Tuesday, 20 June 2023
Latest time for lodging transfers of Shares to qualify for the Rights Issue.....	4:30 p.m. on Wednesday, 21 June 2023
Closure of the register of members (both days inclusive) .....	Friday, 23 June 2023 to Thursday, 29 June 2023
Record Date .....	Thursday, 29 June 2023
Despatch of Prospectus Documents .....	Friday, 30 June 2023

First day of dealing in nil-paid Rights Shares .....	Tuesday, 4 July 2023
Latest time for splitting nil-paid Rights Shares.....	4:30 p.m. on Thursday, 6 July 2023
Last day of dealing in nil-paid Rights Shares .....	Tuesday, 11 July 2023
Latest time of acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares .....	4:00 p.m. on Friday, 14 July 2023
Latest time for the Rights Issue to become unconditional .....	4:30 p.m. on Monday, 17 July 2023
Announcement of the allotment results of the Rights Issue .....	Friday, 21 July 2023
Despatch of refund cheques for wholly or partially unsuccessful excess applications.....	Monday, 24 July 2023
Despatch of share certificates of fully-paid Rights Shares .....	Monday, 24 July 2023
Dealings in fully-paid Rights Shares commence .....	Tuesday, 25 July 2023

All times and dates in this announcement refer to Hong Kong local times and dates.

Dates or deadlines specified in the expected timetable above or in other parts of this announcement are indicative only and may be extended or amended varied by the Company. Any change to the expected timetable will be published or notified to the Shareholders and the Stock Exchange as and when appropriate.

## **EFFECT OF BAD WEATHER AND/OR EXTREME CONDITIONS ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, “extreme conditions” caused by super typhoons as announced by the Government of Hong Kong or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Friday, 14 July 2023. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Friday, 14 July 2023. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares does not take place on or before 4:00 p.m. on Friday, 14 July 2023, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Friday, 23 June 2023 to Thursday, 29 June 2023 (both dates inclusive) for determining the Shareholders’ entitlements to the Rights Issue. No transfer of Shares will be registered during the above book closure period.

## **REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE**

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.

As at 31 December 2022, the Group’s borrowings amounted to HK\$76 million, amongst which, the outstanding principal of HK\$26 million will be due in December 2023 and the remaining HK\$20 million and HK\$30 million will be due in October and November 2024, respectively, and such outstanding principal has not been repaid by the Group as at the date of this announcement. As at 31 March 2023, the unaudited cash level of the Group amounted to approximately HK\$32.1 million. It is anticipated that such cash level of the Group would not be sufficient to support the on-going operating expenses of approximately HK\$2 million per month (which comprised staff salaries, office rental expenses etc.) and any suitable investment opportunities of the Group as necessary and appropriate after the repayment of outstanding principal of HK\$26 million in December 2023. In view of the above, the Group has an imminent need to raise additional funding under the Rights Issue. It is intended that the entire net proceeds from the Rights Issue will be used to repay part of the outstanding indebtedness due December 2023 and the remaining will be paid by internal cash resources of the Group.

The Board had considered various means of fund raising, such as debt financing/bank borrowings and placing of new Shares, before resolving to the Rights Issue. The Company has considered the pros and cons of different fund-raising options. In respect of debt financing, the Board considers that further debt financing would result in additional interest burden and higher gearing ratio of the Group which is not beneficial to the Group. Placing of new Shares is not adopted as it does not allow the Qualifying Shareholders the right to participate in the fund-raising exercise and their respective shareholdings in the Company would be diluted without being offered an opportunity to maintain their proportionate interests in the Company. In comparison, the Rights Issue is pre-emptive in nature, allowing Qualifying Shareholders to maintain their respective pro-rata shareholding through their participation in the Rights Issue. The Rights Issue allows the Qualifying Shareholders to (i) increase their respective interests in the shareholding of the Company by acquiring additional rights entitlement in the open market (subject to the availability); or (ii) reduce their respective interests in the shareholding of the Company by disposing of their rights entitlements in the open market (subject to the market demand). In addition, the Board believes that the Rights Issue will enable the Group to strengthen its capital base and enhance its financial position for business development. As open offer does not allow the trading of rights entitlements, rights issue is preferred.

As the Rights Issue will be on a non-underwritten basis, the actual amount of the net proceeds of the Rights Issue cannot be ascertained at this moment. There are no minimum amounts of proceeds that the Company intends to raise. Nevertheless, in the event that there is any shortfall in net proceeds from the Rights Issue, the Company may finance such shortfall for repayment of borrowings by internal resources, working capital and/or other means of financing as and when appropriate. Based on the above, the Board considers that raising capital through the Rights Issue is in the interest of the Company and the Shareholders as a whole.

#### **USE OF PROCEEDS**

The estimated net proceeds of the Rights Issue will be up to approximately HK\$16.28 million (assuming no changes in the share capital of the Company on or before the Record Date). The Company intends to utilize the entire net proceeds from the Rights Issue to repay part of its outstanding indebtedness.

The Directors consider that it is appropriate to propose the Rights Issue as a means of fund raising for repayment of outstanding indebtedness and the terms of the Rights Issue, including the Subscription Price, are fair and reasonable based on the current market conditions.

## CHANGE IN THE SHAREHOLDING STRUCTURE OF THE COMPANY ARISING FROM THE RIGHTS ISSUE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon completion of the Rights Issue (assuming all Shareholders have taken up their entitled Rights Shares); and (iii) immediately after completion of the Rights Issue (assuming none of the Shareholders has taken up any entitled Rights Share), for illustration purposes only:

Assuming there are no changes in the share capital of the Company on or before the Record Date:

	As at the date of this announcement		Immediately after completion of the Rights Issue (assuming all Shareholders have taken up their entitled Rights Shares)		Immediately after completion of the Rights Issue (assuming none of the Shareholders has taken up any entitled Rights Share)	
	<i>Number of issued Shares</i>	<i>Approximate%</i>	<i>Number of issued Shares</i>	<i>Approximate%</i>	<i>Number of issued Shares</i>	<i>Approximate%</i>
Public Shareholders	86,400,000	100.00	129,600,000	100.00	86,400,000	100.00
Total	<u>86,400,000</u>	<u>100.00</u>	<u>129,600,000</u>	<u>100.00</u>	<u>86,400,000</u>	<u>100.00</u>

## FUND RAISING EXERCISE OF THE COMPANY DURING THE PAST 12 MONTHS

Set out below is the fundraising activities conducted by the Company during the past twelve months immediately prior to the date of this announcement:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds as at the date of announcement
14 December 2022 and 12 January 2023	Placing of 14,400,000 Shares under general mandate	HK\$5.7 million	General working capital of the Group	Fully utilized as intended.

Save as the abovementioned, the Company had not conducted any other fundraising exercise in the past twelve months immediately preceding the date of this announcement.

## **LISTING RULES IMPLICATIONS**

As the Rights Issue will not increase the total number of the issued share capital or the market capitalisation of the Company by more than 50% within the 12-month period immediately preceding the date of this announcement, and the Rights Issue is not underwritten by a Director, chief executive or substantial shareholder of the Company (or any of their respective close associates), the Rights Issue is not subject to minority Shareholders' approval pursuant to Rule 7.19A of the Listing Rules.

The Company has not conducted any rights issue, open offer or specific mandate placing within the 12-month period immediately preceding the date of this announcement, or prior to such 12-month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12-month period, nor has it issued any bonus securities, warrants or other convertible securities within such 12-month period. The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own.

## **GENERAL**

Subject to the fulfillment of certain conditions of the Rights Issue, the Company will despatch the Prospectus Documents containing, among other matters, details of the Rights Issue, to the Qualifying Shareholders. The Company will despatch the Prospectus to the Excluded Shareholders for their information only, but the Company will not send the PALs and EAFs to the Excluded Shareholders.

## **WARNING OF THE RISKS OF DEALING IN THE SHARES AND THE NIL-PAID RIGHTS SHARES**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.**

**Any dealing in the Shares from the date of this announcement up to the date on which all conditions of the Rights Issue are fulfilled, and any Shareholder dealing in the Rights Shares in nil-paid form will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders or other persons contemplating any dealing in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.**

**Subject to the fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.**

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

## **DEFINITIONS**

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

“associates”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday and any day on which a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for general business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares
“Excluded Shareholder(s)”	those Overseas Shareholder(s) whom the Board, after making enquiries regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange, considers it necessary or expedient to exclude such Shareholders from the Rights Issue

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	16 May 2023, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on Friday, 14 July 2023 (or such later time or date as may be determined by the Company), being the latest time for acceptance of, and payment for, the Rights Shares and application and payment for excess Rights Shares
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear on the register of members of the Company on the Record Date and whose address(es) as shown on such register is/are in a place(s) outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be used in connection with the Rights Issue in such form as the Company may approve
“Posting Date”	Friday, 30 June 2023 or such other date as the Company may determine in writing for the despatch of the Prospectus Documents
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL(s) and the EAF(s)

“Qualifying Shareholders”	Shareholder(s), other than the Excluded Shareholder(s), whose name(s) appear on the register of members of the Company as at the close of business on the Record Date
“Record Date”	the date by reference to which entitlements under the Rights Issue are expected to be determined, which is currently scheduled to be on Thursday, 29 June 2023 or such later date as announced by the Company
“Registrar”	the branch share registrar and transfer office of the Company in Hong Kong, being Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
“Rights Issue”	the proposed issue by way of rights on the basis of one (1) Rights Share for every two (2) Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price
“Rights Share(s)”	the new Share(s) proposed to be allotted and issued by the Company pursuant to the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	ordinary share(s) of HK\$0.4 each in share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.4 per Rights Share
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“%”	per cent

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

Hong Kong, 17 May 2023

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