

HISTORY AND REORGANIZATION

HISTORY AND DEVELOPMENT

Our Company

Our Company was incorporated in the Cayman Islands on March 18, 2016 and, as part of the Reorganization, became the holding company of our Group with its business being conducted through our Group’s operating subsidiaries providing total design solution to our clients which covers a wide range of services including millwork and furniture provision, facade development and fabrication, design and project consultancy and interior solutions.

Our Business History

The history of our Group can be traced back to 1999 when Crosstec Interiors (formerly known as CROSS MAX INTERIORS LIMITED (宏緯設計工程有限公司)) was established by our founders, Mr. Lee and Mr. Wong Koc Kei (黃國基) (“**Mr. Wong**”), primarily focusing on interior design and fit-out construction business in Hong Kong. For the biographical details of Mr. Lee, please refer to the section headed “Directors and Senior Management” of this document. The business was financed by the founders’ own capital and was able to capitalize on Mr. Lee and Mr. Wong’s experience gained while they were working for reputable interior design companies in Hong Kong and Canada.

Crosstec International (formerly known as CROSSMAX INTERNATIONAL LIMITED (宏緯國際有限公司)) was established in 2007 to capture the growth of our business and broadening of our global client base, replacing Crosstec Interiors as our main operating subsidiary. With a view to expand our business in the PRC and Macau markets, we established Crosstec (Shenzhen) and CX (Macau) in 2009 and 2013 respectively in order to cope with our clients in the PRC and Macau markets efficiently.

Our Business Milestones

Although we are a small interior design firm in Hong Kong, owing to our continuous emphasis on innovation and providing creative design solutions to our clients, we have been able to take on complicated and unique projects since the early stage of our business. For example, in 1999, we were engaged by Client GG to provide our services to their store at the Peninsula Hotel, Hong Kong and in 2001, we were further engaged to build the exterior facade of its flagship store at Canton Road, Hong Kong, which was at that time the longest exterior facade of its shops worldwide. These projects helped establish our reputation among the luxury brands for our innovative and high quality products and services. Benefitting from the success of these projects, we were further engaged to extend our services to their retail stores across the Asia Pacific regions and at the same time attracted other luxury brands to approach us for our innovative interior design services and products.

Since then, we have also steadily gained recognition in the high-end jewelry brands. In 2003, we successfully went through stages of stringent approval processes and became a global furniture supplier of Client CT. This further consolidated our reputation as a high-quality in-store furniture and showcases provider among the luxury jewelry brands. Through the global retail store platforms of our clients, we were able to establish our business footprints in a large number of cities across the world in a short period of time. Furthermore, in 2009, we began our collaboration with Graff Diamonds and have become the supplier of in-store furniture for its global stores and boutiques since then. In 2014, we developed a complete shopfront concept with Graff Diamonds and subsequently installed multi-colored bronze shopfronts in all of their stores around the world. This again allowed us to gain access and provide our services and products to their stores worldwide. During the Track Record Period and up to the Latest Practicable Date, we have completed projects in 67 cities. For details of our global footprint, please see the section headed “Business — Our Global Projects”.

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In summary, the below sets forth a chronological review of the key business milestones of our Group:

Date	Milestones
1999	Crosstec Interiors (formerly known as CROSS MAX INTERIORS LIMITED (宏緯設計工程有限公司)) was incorporated in Hong Kong
2000	We were engaged by Client GG, an Italian luxury brand of fashion and leather goods, for the interior design and construction work for their stores across the Asia Pacific regions
2001	We were engaged by Client GG to construct the longest exterior facade amongst its shops worldwide at that time at its flagship store on Canton Road
2003	We became the worldwide furniture supplier of Client CT, a French luxury jewelry and timepiece brand
2004	We collaborated with a French-based high-end jeweller and undertook work in the Middle East and Europe
	Our global footprints extended to North America where we were engaged to provide showcases for our client
	We received ISO 9001 certification for our quality management system in connection with the manufacturing and design of furniture
	We started interior design and boutique development work in Japan with Client CT
2006	Our global footprints extended to South America where we were engaged to provide furniture for our client
2007	Crosstec International (formerly known as CROSSMAX INTERNATIONAL LIMITED (宏緯國際有限公司)) was incorporated in Hong Kong
2009	We commenced our business relationship with Graff Diamonds worldwide
	Crosstec (Shenzhen) was incorporated in the PRC
	We began providing millwork and furniture to a historic and upmarket department store in London
2013	CX (Macau) was incorporated in Macau
2014	We received ISO 14001 certification for our quality management system in connection with the design and project management of fitting out services with millwork furniture
2015	We started developing boutique furniture for Lancôme, a French luxury cosmetics, skincare and perfume brand, in the United States
2016	Our Company and Crosstec (BVI) were incorporated in preparation of the [REDACTED]

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Corporate Development

As at the Latest Practicable Date, our Group comprised our Company, Crosstec (BVI), Crosstec Group, Crosstec International, Crosstec Interiors, Crosstec (Shenzhen) and CX (Macau). The following sets forth the shareholding and corporate structure, place of incorporation/establishment and principal business activities of each member of our Group as at the Latest Practicable Date.

Crosstec Group

CROSSMAX GROUP LIMITED (宏緯控股有限公司) (which subsequently changed its name to CROSSTEC Group Limited (易緯集團有限公司) on January 29, 2016) was incorporated in Hong Kong as a limited liability company under the Companies Ordinance on May 10, 2007, with an authorized share capital of HK\$100,000 divided into 100,000 shares of HK\$1.00 each. Each of Mr. Lee and Mr. Wong subscribed for one share for cash at HK\$1.00 respectively.

On May 10, 2007, a total number of 99,998 shares were allotted to Mr. Lee and Mr. Wong, each of whom subscribed for 49,999 shares at HK\$1.00 per share. The consideration was settled in cash on the same date. Upon completion of this allotment, there were a total of 100,000 issued shares of HK\$1.00 each in Crosstec Group and held as to 50% by each of Mr. Lee and Mr. Wong.

Mr. Wong, one of our founders, passed away in June 2011. On December 13, 2011, the last will and testament of Mr. Wong, was proved and registered in the High Court of Hong Kong, Probate Jurisdiction, and that administration of the estate of Mr. Wong was granted to Ms. Chiu Mei Ying Brenda (趙美瑛), the spouse of Mr. Wong (“Mrs. Wong”). On the same day, Mrs. Wong, as the executor of the estate of Mr. Wong, transferred his entire shareholding in Crosstec Group to Ms. Leung at a consideration of HK\$50,000. The consideration was settled in cash on the same date. The consideration was agreed between the parties upon arms’ length discussion based on (i) the net asset value of Crosstec Group as at June 30, 2011 with amount of approximately HK\$5.4 million, in which 50% interest was held by Mr. Wong; (ii) the amount due from Mr. Wong to Crosstec Group as at June 30, 2011 with amount of HK\$4.1 million; and (iii) the consideration paid by Mr. Wong for the subscription of shares upon the incorporation of Crosstec Group, being HK\$50,000 for 50,000 shares of HK\$1 each. Our Directors are of the view that the consideration paid for the transfer was fair and reasonable, which was agreed and accepted by Mrs. Wong. Upon completion of this share transfer, Crosstec Group was owned by Mr. Lee and Ms. Leung as to 50% each.

As at the Latest Practicable Date, Crosstec Group was an intermediate holding company of our Group and held the entire issued share capital of Crosstec Interiors, Crosstec International, Crosstec (Shenzhen) and CX (Macau).

Crosstec Interiors

Cross Max Interiors Limited (which subsequently changed its name to Crosstec Interiors on January 29, 2016) was incorporated in Hong Kong as a limited liability company under the Companies Ordinance on April 21, 1999, with an authorized share capital of HK\$100,000 divided into 100,000 shares of HK\$1.00 each. Each of Mr. Lee and Mr. Wong subscribed for one share for cash at HK\$1.00, respectively.

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On April 21, 1999, a total number of 99,998 shares were allotted to Mr. Lee and Mr. Wong, each of whom subscribed for 49,999 shares at HK\$1.00 per share. The consideration was settled in cash on the same date. Upon completion of this allotment, there were a total of 100,000 issued shares of HK\$1.00 each in Crosstec Interiors and held as to 50% by each of Mr. Lee and Mr. Wong.

On May 6, 2009, each of Mr. Lee and Mr. Wong transferred 50,000 shares in Crosstec Interiors to Crosstec Group at a consideration of HK\$50,000, which was based on the par value of the shares of Crosstec Interiors. The consideration was fully settled in cash on the same date. After the transfer, Crosstec Interiors became a wholly-owned subsidiary of Crosstec Group.

As at the Latest Practicable Date, Crosstec Interiors principally engaged in the provision of office management service and staff to Crosstec International.

Crosstec International

CROSSMAX INTERNATIONAL LIMITED (which subsequently changed its name to CROSSTEC International Limited (易緯國際有限公司) on January 29, 2016) was incorporated in Hong Kong as a limited liability company under the Companies Ordinance on May 17, 2007, with an authorized share capital of HK\$100,000 divided into 100,000 shares of HK\$1.00 each, of which Crosstec Group subscribed for one share for cash at HK\$1.00.

On May 18, 2007, a total number of 99,999 shares were allotted to Crosstec Group at HK\$1.00 per share. The consideration was settled in cash on the same date. Upon completion of this allotment, there were a total of 100,000 issued shares of HK\$1.00 each in Crosstec International and Crosstec Group held the entire issued share capital of Crosstec International.

As at the Latest Practicable Date, Crosstec International principally engaged in the provision of total solution of interior design including millwork and furniture provision, facade development and fabrication, interior solutions and design and project consultancy.

Crosstec (Shenzhen)

Crosstec (Shenzhen) was established on December 4, 2009 in Shenzhen, the PRC as a wholly foreign-owned limited liability company (有限責任公司(台港澳法人獨資)) in the PRC with an initial registered capital of HK\$1,500,000. Crosstec (Shenzhen) was a wholly-owned subsidiary of Crosstec Group.

Under its Articles of Association, the registered capital will be paid in two installments. By March 2, 2010, Crosstec (Shenzhen) received the first installment of the paid-in capital HK\$500,000, which was duly examined by the Chinese certificate public accountants and recognized by the Market Supervision Department of Shenzhen Municipality (深圳市市場監督管理局).

By November 11, 2011, Crosstec (Shenzhen) received the second installment of the paid-in capital HK\$1,000,000, which was duly examined by the Chinese certificate public accountants and recognized by the Market Supervision Department of Shenzhen Municipality (深圳市市場監督管理局).

As at the Latest Practicable Date, Crosstec (Shenzhen) principally engaged in material and furniture trading in the PRC.

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CX (Macau)

CX (Macau) was incorporated in Macau as a limited liability company on December 17, 2013, with a capital of MOP25,000 wholly owned by Mr. Lee.

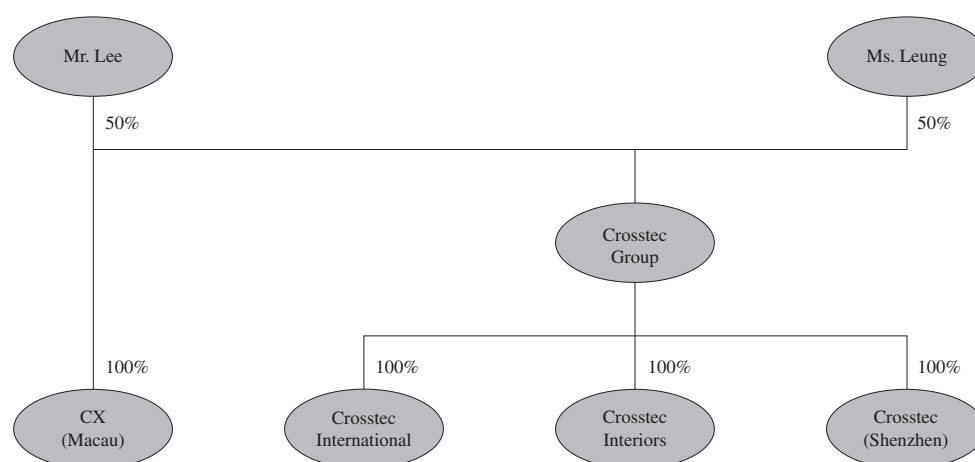
As at the Latest Practicable Date, CX (Macau) principally engaged in the provision of total interior design solutions including millwork and furniture provision, facade development and fabrication, interior solutions and design and project consultancy.

Save as disclosed otherwise, the aforementioned considerations were determined on an arm’s length basis with reference to the registered capital and the book value of the net worth of the relevant companies. All the aforementioned transactions have been properly and legally completed and settled.

REORGANIZATION

Our Company completed the Reorganization on March 22, 2016 in preparation for the [REDACTED], we have undertaken the following Reorganization steps, pursuant to which our Company became the holding company of our Group.

The following diagram sets out the corporate structure of our Group before the Reorganization:



(i) Acquisition of CX (Macau) by Crosstec Group

On January 20, 2016, Mr. Lee transferred the entire equity interests in CX (Macau) to Crosstec Group for a consideration of MOP25,000. The basis of the consideration was determined with reference to the capital of CX (Macau).

(ii) Incorporation of CGH (BVI)

On March 17, 2016, CGH (BVI) was incorporated in the BVI as the investment holding company of Mr. Lee and Ms. Leung. 50 ordinary shares were issued and allotted to each of Mr. Lee and Ms. Leung at a par value of US\$1.0 on the same day.

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(iii) Incorporation of our Company

On March 18, 2016, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. On the same day, 100 Shares were issued and allotted to CGH (BVI) at a par value of HK\$0.01, after which CGH (BVI) became our sole shareholder.

(iv) Incorporation of Crosstec (BVI)

On March 21, 2016, Crosstec (BVI) was incorporated in the BVI and 50 ordinary shares were issued and allotted to each of Mr. Lee and Ms. Leung at a par value of HK\$1.0 upon incorporation.

(v) Acquisition of Crosstec Group by Crosstec (BVI)

On March 22, 2016, Crosstec (BVI) acquired the total issued share capital of Crosstec Group from each of Mr. Lee and Ms. Leung, for a consideration of HK\$1 after which Crosstec (BVI) became the sole shareholder of Crosstec Group. Given that Mr. Lee and Ms. Leung are the ultimate controlling shareholders of Crosstec (BVI), it was agreed that the acquisition would be conducted for nominal consideration.

(vi) Acquisition of Crosstec (BVI) by our Company

On March 22, 2016, our Company acquired the total issued share capital of Crosstec (BVI) from Mr. Lee and Ms. Leung for an aggregate consideration of HK\$100, after which our Company became the sole shareholder of Crosstec Group and indirectly held the entire interests of our operating subsidiaries. Given that Mr. Lee and Ms. Leung are the ultimate controlling shareholders of our Company, it was agreed that the acquisition would be conducted for nominal consideration.

Save as disclosed otherwise, the aforementioned considerations were determined on an arm's length basis with reference to the issued share capital and the book value of the net worth of the relevant companies. All the aforementioned transactions have been properly and legally completed and settled.

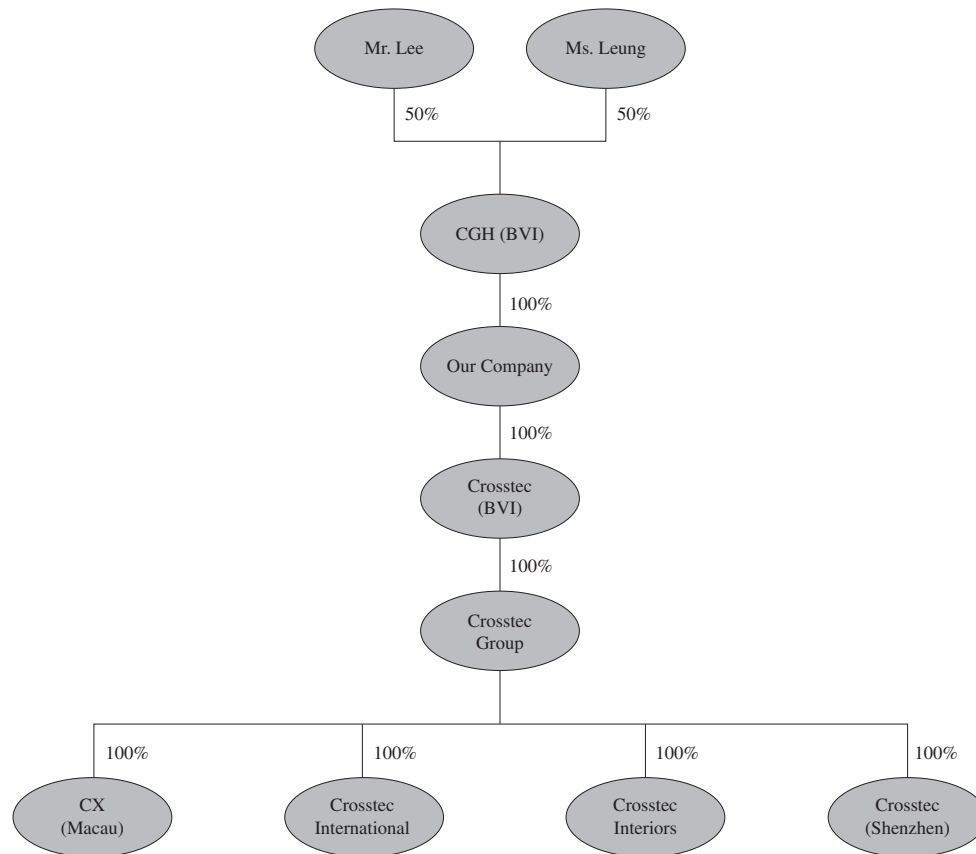
ACTING IN CONCERT

Mr. Lee and Ms. Leung, given their spousal relationship, are presumed to be acting in concert under the Takesovers Code. During the Track Record Period, Mr. Lee and Ms. Leung have been acting in concert as a group of controlling shareholders and will continue the same going forward. As a result, Mr. Lee and Ms. Leung are presumed to be collectively cooperate in the management and control of our Group through their shareholding in CGH (BVI).

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CORPORATE STRUCTURE OF OUR GROUP PRIOR TO AND AFTER REORGANIZATION

The following diagram sets out the corporate structure of our Group after the Reorganization:



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The following diagram sets out the corporate structure of our Group immediately after the completion of the [REDACTED] and the [REDACTED] (assuming none of the [REDACTED] is exercised and without taking into account any Shares to be issued upon exercise of any options which may be granted under the Share Option Scheme):

