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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)**

#### **ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60 OF THE LISTING RULES**

This announcement is made by the Company pursuant to Rule 14A.60 of the Listing Rules.

The Board is aware that after the trading hour on May 5, 2017, ANT Investment, a company owned as to 50% by Mr. Lee and 50% by Ms. Leung, acquired 45% of the equity interest in HFL Limited via the allotment of new shares of HFL Limited to ANT Investment (the “**Acquisition**”). HFL Limited becomes a connected person of the Company by virtue of being a company controlled by Mr. Lee and Ms. Leung, the Controlling Shareholders, upon completion of the Acquisition.

Before HFL Limited becomes a connected person of the Company, the Group was engaged by HFL Limited on April 20, 2017 to provide interior design proposal, project management, and interior design solutions (including fit-out construction services, millworks provision and facade development and fabrication services) (the “**HFL Project**”). Three quotations prepared by the Group were agreed and confirmed by HFL Limited on April 20, 2017 in relation to the HFL Project (the “**HFL Quotations**”). The HFL Project is expected to be completed by July 2017 under the terms of the HFL Quotations. As such, the HFL Project and the HFL Quotations become continuing connected transactions of the Company under the Listing Rules until the HFL Project is fully completed.

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the applicable reporting and disclosure requirements under Chapter 14A of the Listing Rules regarding the HFL Quotations. The Company will comply in full with all applicable reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the HFL Quotations.

## **BACKGROUND**

This announcement is made by the Company pursuant to Rule 14A.60 of the Listing Rules.

The Board is aware that after the trading hour on May 5, 2017, ANT Investment, a company owned as to 50% by Mr. Lee and 50% by Ms. Leung, acquired 45% of the equity interest in HFL Limited via the allotment of new shares of HFL Limited to ANT Investment. HFL Limited becomes a connected person of the Company by virtue of being a company controlled by Mr. Lee and Ms. Leung, the Controlling Shareholders, upon completion of the Acquisition.

## **CONTINUING CONNECTED TRANSACTIONS BETWEEN THE GROUP AND HFL LIMITED**

Before HFL Limited becomes a connected person of the Company, the Group was engaged by HFL Limited on April 20, 2017 to provide interior design proposal, project management, and interior design solutions (including fit-out construction services, millworks provision and facade development and fabrication services). Three quotations prepared by the Group were agreed and confirmed by HFL Limited on April 20, 2017 in relation to the HFL Project. Details of the HFL Quotations are summarized as follows:

### **First Quotation – Interior Design Solutions**

|          |   |
|----------|---|
| Parties: | <i>Seller and service provider:</i><br>CROSSTEC International |
|          | <i>Purchaser and service recipient:</i><br>HFL Limited        |
| Date:    | April 20, 2017  |
| Terms:   | April 2017 to July 2017                                       |

|                        |  |
|------------------------|--|
| Products and Services: | <ul style="list-style-type: none"> <li>• Fit-out construction services</li> <li>• Millworks provision</li> <li>• Facade development and fabrication services</li> </ul>  |
| Total Quotation Sum:   | HK\$7,293,806  |
| Payment Schedule:      | <ul style="list-style-type: none"> <li>• 50% deposit upon confirmation</li> <li>• 40% payment upon practical completion</li> <li>• 5% payment after all rectification work</li> <li>• 5% retention payment after defects liability period of one year</li> </ul> |
| Penalty:               | 5% interest per month for any outstanding balance overdue more than 30 days  |
| Basis of Pricing:      | The Company adopts cost-plus pricing model for the determination of total quotation sum, the percentage of mark-up is in line with other interior design solutions projects of the Company   |

### **Second Quotation – Interior Design Proposal**

|                        |   |
|------------------------|---|
| Parties:               | <p><i>Service provider:</i><br/>CROSSTEC Design</p> <p><i>Service recipient:</i><br/>HFL Limited</p>  |
| Date:                  | April 20, 2017  |
| Terms:                 | April 2017 to July 2017   |
| Products and Services: | Restaurant concept design for 9 Seafood Place Restaurant, including materials selection, full set drawing, 3D rendering and three concept options |
| Total Quotation Sum:   | HK\$500,000   |
| Payment Schedule:      | <ul style="list-style-type: none"> <li>• 50% deposit upon confirmation</li> <li>• 50% payment upon drawings sign off</li> </ul>                   |

Basis of Pricing: For project where the Company is engaged for both interior design proposal (concept design) and interior design solution (including fit-out construction services, millworks provision and facade development and fabrication services), total quotation sum for the interior design proposal project represents 5-10% of the total quotation sum for the interior design solutions project.

### **Third Quotation – Project Management**

Parties: *Service provider:*  
CROSSTEC International

*Service recipient:*  
HFL Limited

Date: April 20, 2017

Terms: April 2017 to July 2017

Products and Services: Overall project management including the following food license application:

- provisional license as required by the Food and Environmental Hygiene Department
- full license as required by the Food and Environmental Hygiene Department

Total Quotation Sum: HK\$160,000

Payment Schedule:

- 50% deposit upon confirmation
- 50% payment upon receipt of full license

Basis of Pricing: The Company adopts cost-plus pricing model for the determination of total quotation sum, the percentage of mark-up is in line with other project management projects of the Company

### **REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

The provision of the various services and sale of products under the HFL Quotations are in the ordinary and usual course of business of the Group. The HFL Quotations and the HFL Project will increase the total revenue of the Group.

The Directors (including independent non-executive Directors) are of the view that the HFL Quotations and HFL Project are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of such transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

The Board is aware that on May 5, 2017 (after trading hours), ANT Investment, a company owned as to 50% by Mr. Lee and 50% by Ms. Leung, acquired 45% of the equity interest in HFL Limited via the allotment of new shares of HFL Limited to ANT Investment. HFL Limited becomes a connected person of the Company by virtue of being a company controlled by Mr. Lee and Ms. Leung, the Controlling Shareholders, upon completion of the Acquisition.

Before HFL Limited becomes a connected person of the Company, the Group was engaged by HFL Limited on April 20, 2017 to provide interior design proposal, project management, and interior design solutions (including fit-out construction services, millworks provision and facade development and fabrication services). The HFL Quotations prepared by the Group were agreed and confirmed by HFL Limited on April 20, 2017 in relation to the HFL Project. The HFL Project is expected to be completed by July 2017 under the terms of the HFL Quotations. As such, the HFL Project and the HFL Quotations become continuing connected transactions of the Company under the Listing Rules until the HFL Project is fully completed.

Pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the applicable reporting and disclosure requirements under Chapter 14A of the Listing Rules regarding the HFL Quotations. The Company will comply in full with all applicable reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation or renewal of the HFL Quotations.

## **GENERAL INFORMATION**

### **The Company**

The Company is a provider of bespoke and total interior design solutions which cover a wide range of services including millwork and furniture provision, facade development and fabrication, interior solutions and design and project consultancy. Each of these services may be provided on its own or collectively with other services to its clients according to their specific demand and requirement for each individual project.

## **HFL Limited**

HFL Limited is a newly incorporated food and beverage company incorporated in Hong Kong on March 27, 2017 for the purpose of operating restaurant under the brand “Full House Seafood Chinese Restaurant” (海福樓海鮮酒家).

## **DEFINITION**

In this announcement, the following expressions shall have the meaning set out below unless the context requires otherwise:

|                           |   |
|---------------------------|---|
| “ANT Investment”          | ANT Investment Holdings Limited, a company incorporated in Hong Kong on March 31, 2017 and is owned as to 50% by Mr. Lee and 50% by Ms. Leung, both of which are the Controlling Shareholder  |
| “Board”                   | the board of Directors  |
| “BVI”                     | British Virgin Islands  |
| “Company”                 | CROSSTEC Group Holdings Limited (易緯集團控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on March 18, 2016, and registered as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) on June 13, 2016, the shares of which are listed on the Main Board of the Stock Exchange |
| “connected person(s)”     | has the meaning ascribed to it under the Listing Rules  |
| “Controlling Shareholder” | has the meaning ascribed to it under the Listing Rules and, in the context of the Company, means the controlling shareholders of the Company, namely, Mr. Lee, Ms. Leung and CGH (BVI) Limited, a company established in the BVI with limited liability on March 17, 2016   |

|                          |   |
|--------------------------|---|
| “CROSSTEC Design”        | CROSSTEC Design Consultants Limited (易緯設計顧問有限公司), a limited liability company incorporated in Hong Kong on October 3, 2016 and an indirect wholly-owned subsidiary of the Company   |
| “CROSSTEC International” | CROSSTEC International Limited (易緯國際有限公司) (formerly known as CROSSMAX INTERNATIONAL LIMITED (宏緯國際有限公司)), a limited liability company incorporated in Hong Kong on May 17, 2007 and an indirect wholly-owned subsidiary of the Company |
| “Director(s)”            | the director(s) of the Company  |
| “Group”                  | the Company and its subsidiaries  |
| “HFL Limited”            | a company incorporated in Hong Kong on March 27, 2017 and is owned as to 45% by ANT Investment, 45% by Power Rider Group Limited (independent third party) and 10% by A03 (HK) Limited (independent third party)                      |
| “HK\$”                   | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Listing Rules”          | the Rules Governing the Listing of Securities on the Stock Exchange, as amended, modified and supplemented from time to time  |
| “Mr. Lee”                | Mr. Lee Wai Sang (李偉生), the chairman, executive Director and chief executive officer of the Company, the spouse of Ms. Leung and a Controlling Shareholder  |
| “Ms. Leung”              | Ms. Leung Mo Shan Jackie (梁慕珊), the spouse of Mr. Lee and a Controlling Shareholder   |
| “Shareholder(s)”         | holder(s) of the share(s) of the Company  |
| “Stock Exchange”         | the Stock Exchange of Hong Kong Limited   |

By Order of the Board  
**CROSSTEC Group Holdings Limited**  
**Lee Wai Sang**  
*Chairman and Chief Executive Officer*

Hong Kong, May 8, 2017

*As at the date of this announcement, the Board comprises Mr. Lee Wai Sang, Mr. Lau King Lok, Mr. Leung Pak Yin and Mr. Lai Hon Lam Carman as executive Directors; and Mr. So Chi Hang, Mr. Lau Lap Yan John and Mr. Heng Ching Kuen Franklin as independent non-executive Directors.*