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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 OF INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 31 DECEMBER 2024**

**INTERIM RESULTS**

The board (the “**Board**”) of directors (the “**Directors**”, each a “**Director**”) of CROSSTEC Group Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces the unaudited condensed consolidated results of the Group for the six months ended 31 December 2024 (the “**Period**”), together with the comparative figures for the corresponding period in 2023. The condensed consolidated interim financial information has not been audited, but has been reviewed by the audit committee of the Company (the “**Audit Committee**”).

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

		<b>For the six months ended 31 December 2024 (unaudited) HK\$'000</b>	For the six months ended 31 December 2023 (unaudited) HK\$'000
	<i>Notes</i>		
Revenue	4	45,713	26,983
Direct costs		<u>(43,669)</u>	<u>(11,220)</u>
<b>Gross profit</b>		<b>2,044</b>	15,763
Other income and other gain, net	4	48	381
Impairment losses on property, plant and equipment		–	(244)
Impairment losses under expected credit loss model, net		(278)	–
Gain on early termination of a lease		–	4,770
Administrative expenses		(9,525)	(9,581)
Finance costs	5	<u>(5,341)</u>	<u>(4,367)</u>
<b>(Loss)/profit before income tax</b>	6	<b>(13,052)</b>	6,722
Income tax	7	<u>–</u>	<u>–</u>
<b>(Loss)/profit for the period attributable to owners of the Company</b>		<b>(13,052)</b>	6,722
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations		<u>230</u>	<u>(121)</u>
<b>Other comprehensive income/(expense) for the period and attributable to owners of the Company, net of tax</b>		<u>230</u>	<u>(121)</u>
<b>Total comprehensive (expense)/income for the period and attributable to owners of the Company</b>		<u><u>(12,822)</u></u>	<u><u>6,601</u></u>
<b>(Loss)/earning per share</b>			
Basic and diluted (HK cent)	9	<u><u>(8.39)</u></u>	<u><u>5.40</u></u>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at <b>31 December 2024</b> (unaudited) <i>HK\$'000</i>	As at 30 June 2024 (audited) <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment		5,939	6,271
Intangible asset		3,525	3,916
Deposits	10	122	123
		<b>9,586</b>	10,310
<b>Current assets</b>			
Trade and other receivables	10	13,021	11,462
Contract assets		37,376	24,875
Income tax recoverable		201	201
Cash and cash equivalents		5,293	16,765
		<b>55,891</b>	53,303
<b>Total assets</b>		<b>65,477</b>	63,613
<b>Current liabilities</b>			
Trade and other payables	11	25,763	20,710
Contract liabilities		10,891	2,578
Lease liabilities		564	538
Other borrowings	12	–	48,450
Shareholder's loans	12	30,000	–
		<b>67,218</b>	72,276
<b>Net current liabilities</b>		<b>(11,327)</b>	(18,973)
<b>Total assets less current liabilities</b>		<b>(1,741)</b>	(8,663)
<b>Non-current liabilities</b>			
Lease liabilities		508	764
Other borrowings	12	55,000	5,000
Shareholder's loans	12	–	30,000
		<b>55,508</b>	35,764
<b>Total liabilities</b>		<b>122,726</b>	108,040
<b>NET LIABILITIES</b>		<b>(57,249)</b>	(44,427)
<b>Capital and reserves</b>			
Share capital	13	1,555	1,555
Reserves		(58,804)	(45,982)
<b>CAPITAL DEFICIENCY</b>		<b>(57,249)</b>	(44,427)

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. GENERAL INFORMATION

CROSSTEC Group Holdings Limited (the “**Company**”) was incorporated in the Cayman Islands on 18 March 2016 as an exempted company with limited liability and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office of the Company is located at Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The headquarter and principal place of business in Hong Kong is located at Unit 1301, 13/F, Technology Plaza, 651 King’s Road, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively as 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.

### 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

#### (a) Statement of compliance

The unaudited condensed consolidated interim financial information has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange and with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

#### (b) Basis of measurement and going concern assumption

##### (i) *Basis of measurement*

The unaudited condensed consolidated interim financial statements have been prepared under the historical cost basis except for investment property which is measured at fair value.

##### (ii) *Going concern assumption*

As at 31 December 2024, the Group had capital deficiency of approximately HK\$57,249,000. However, the Group had cash and cash equivalents of approximately HK\$5,293,000.

The directors of the Company have given careful consideration to the future liquidity and performance of the Group and the Group’s available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. The Group will continue its efforts to enhance its operation to improve its cash flow from operations to strengthen its working capital.

#### (c) Functional and presentation currency

The unaudited condensed consolidated interim financial statements are presented in Hong Kong Dollar (“**HK\$**”), which is the same as the functional currency of the Company.

(d) **Financial information and disclosure**

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2024.

(e) **Principal accounting policies**

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”), the accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial information are consistent with those of the Group as set out in the Group's annual financial statements for the year ended 30 June 2024.

The Group has adopted and applied the new standards, amendments to standards and interpretations that have been issued and effective for the accounting periods beginning on 1 July 2024. The adoption of these new standards and amendments to standards has no material impact on the Group's results and financial position. The Group has not early adopted the new standards, amendments to standards and interpretations which have been issued by HKICPA but are not yet effective.

**3. SEGMENT INFORMATION**

**Operating segments**

The Group was principally engaged in the trading of millwork, furniture and facade fabrication and provision of interior design, project consultancy, maintenance and interior solutions services. Information reported to the Group's chief operating decision maker, for the purpose of resources allocation and performance assessment, focuses on the operating results of the Group as a whole, as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no operating segment information is presented.

**Geographical information**

The following table sets out the information about the geographical location of the Group's revenue from external customers and non-current assets other than financial instruments (“**Specified Non-current Assets**”).

The Group's revenue and Specified Non-current Assets comprise the following main geographical segments:

(a) *Revenue from external customers by locations of customers*

	<b>For the six months ended 31 December 2024 (unaudited) HK\$'000</b>	For the six months ended 31 December 2023 (unaudited) HK\$'000
Hong Kong (place of domicile)	<u>14,631</u>	<u>22,169</u>
People's Republic of China ("PRC") (excluding Hong Kong)	24,781	4,804
Australia	6,301	–
Others	<u>–</u>	<u>10</u>
	<u>31,082</u>	<u>4,814</u>
	<u>45,713</u>	<u>26,983</u>

(b) *Specified Non-current Assets*

	<b>As at 31 December 2024 (unaudited) HK\$'000</b>	As at 30 June 2024 (audited) HK\$'000
Hong Kong (place of domicile)	5,939	6,271
PRC	<u>3,525</u>	<u>3,916</u>

#### 4. REVENUE AND OTHER INCOME AND OTHER GAIN, NET

Revenue includes the net invoiced value of goods sold, design and project consultancy service and maintenance service rendered and contract revenue earned from the interior solutions projects by the Group; and revenue from online game distribution business. The amounts of each significant category of revenue recognised during the Period are as follows:

	<b>For the six months ended 31 December 2024 (unaudited) HK\$'000</b>	For the six months ended 31 December 2023 (unaudited) HK\$'000
<b>Time of revenue recognition</b>		
<b>Revenue – at a point in time</b>		
Sales of products		
– Millwork and furniture	2,166	1,699
<b>Revenue – over time</b>		
Income from interior solutions projects	39,998	25,207
Maintenance service income	50	54
Design and project consultancy service income	25	23
Online game distribution service income	3,474	–
	<u>45,713</u>	<u>26,983</u>

An analysis of the Group's other income and other gain, net recognised during the Period is as follows:

	<b>For the six months ended 31 December 2024 (unaudited) HK\$'000</b>	For the six months ended 31 December 2023 (unaudited) HK\$'000
<b>Other income and other gain, net</b>		
Bank interest income	7	99
Rental income	–	24
Gain on waive of trade payables	46	–
Exchange (loss)/gain, net	(5)	184
Sundry income	–	74
	<u>48</u>	<u>381</u>

## 5. FINANCE COSTS

	<b>For the six months ended 31 December 2024 (unaudited) HK\$'000</b>	For the six months ended 31 December 2023 (unaudited) HK\$'000
Interest on other borrowings	3,050	2,531
Interest on lease liabilities	22	189
Interest on shareholder's loans	2,269	1,647
	<u>5,341</u>	<u>4,367</u>

## 6. (LOSS)/PROFIT BEFORE INCOME TAX

The Group's (loss)/profit before income tax is arrived at after charging/(crediting):

	<b>For the six months ended 31 December 2024 (unaudited) HK\$'000</b>	For the six months ended 31 December 2023 (unaudited) HK\$'000
Depreciation and amortisation:		
– Owned property, plant and equipment	332	–
– intangible asset	391	–
	<u>723</u>	–
Exchange loss/(gain), net	5	(184)
Reversal of contract cost on modification of contracts (included in direct costs)	–	(6,348)
Reversal of expected loss on onerous contracts (included in direct costs)	–	(6,366)
Impairment losses on property, plant and equipment	–	244
Impairment losses under expected credit loss model, net in respect of:		
– Trade receivables	138	–
– Retention receivables	39	–
– Contract assets	101	–
Gain on termination of a lease	–	(4,770)
Employee benefit expenses (including directors' and chief executive's remuneration)	6,299	5,910
	<u>6,299</u>	<u>5,910</u>



## 7. INCOME TAX

The amount of income tax in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	<b>For the six months ended 31 December 2024 (unaudited) HK\$'000</b>	For the six months ended 31 December 2023 (unaudited) HK\$'000
Current tax – overseas profits tax		
– tax for the period	–	–
– over-provision in respect of prior periods	–	–
	<hr/>	<hr/>
Income tax	–	–
	<hr/> <hr/>	<hr/> <hr/>

The Company was incorporated in the Cayman Islands and is exempted from income tax. It is not subject to tax in other jurisdictions.

No provision for Hong Kong profits tax has been made as the Company did not generate any assessable profits arising in Hong Kong during the Period and the six months ended 31 December 2023.

Taxes on assessable profits of overseas subsidiaries are calculated at the rates applicable in the respective jurisdictions.

## 8. DIVIDENDS

No dividend has been declared by the Company for the Period (six months ended 31 December 2023: Nil).

## 9. (LOSS)/EARNING PER SHARE

The calculation of the basic earning/loss per share is based on the earning/loss for the Period attributable to the ordinary equity holders of the Company, and the weighted average number of ordinary shares of 155,520,000 (six months ended 31 December 2023: 124,416,000).

The Group had no potentially dilutive ordinary shares in issue during the Period.

The calculation of the basic (loss)/earning per share attributable to the ordinary equity holders of the Company is based on the following data:

	<b>For the six months ended 31 December 2024 (unaudited) HK\$'000</b>	For the six months ended 31 December 2023 (unaudited) HK\$'000
<b>(Loss)/earning</b>		
(Loss)/earning for the purpose of basic earning/loss per share	<u><u>(13,052)</u></u>	<u><u>6,722</u></u>
	<i>'000</i>	<i>'000</i>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earning/loss per share ( <i>Note</i> )	<u><u>155,520</u></u>	<u><u>124,416</u></u>

*Note:*

The weighted average number of ordinary shares in issue and basic and diluted earning/loss per share were adjusted after taking into account the effect of the Rights Issue (as defined in Note 13a) completed on 21 July 2023.

## 10. TRADE AND OTHER RECEIVABLES

	As at <b>31 December</b> <b>2024</b> <b>(unaudited)</b> <i>HK\$'000</i>	As at 30 June 2024 (audited) <i>HK\$'000</i>
Trade receivables, net	8,067	1,348
Retention receivables, net	787	781
Deposits and other receivables	1,162	2,150
Prepayments	3,127	7,306
	<hr/>	<hr/>
Total	13,143	11,585
Less: Non-current portion Deposits	(122)	(123)
	<hr/>	<hr/>
Total current portion	<u>13,021</u>	<u>11,462</u>

*Notes:*

	As at <b>31 December</b> <b>2024</b> <b>(unaudited)</b> <i>HK\$'000</i>	As at 30 June 2024 (audited) <i>HK\$'000</i>
Trade receivables	10,643	3,786
Less: loss allowance	(2,576)	(2,438)
	<hr/>	<hr/>
	<u>8,067</u>	<u>1,348</u>

Trade receivables are non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances. The credit period granted to trade customers is within 30 days in general and up to 60 days upon the issue of the invoice, which is considered on a case-by-case basis. Application for progress payments of projects is made on a regular basis.

The following is an analysis of trade receivables (net of impairment losses allowance under expected credit loss model) by age, presented based on the invoice dates:

	As at <b>31 December</b> <b>2024</b> <b>(unaudited)</b> <i>HK\$'000</i>	As at 30 June 2024 (audited) <i>HK\$'000</i>
Less than 1 month	7,552	797
1 to 3 months	–	379
3 to 6 months	289	–
More than 6 months but less than one year	150	–
More than 1 year	76	172
	<hr/>	<hr/>
	<u>8,067</u>	<u>1,348</u>

## 11. TRADE AND OTHER PAYABLES

	As at <b>31 December</b> <b>2024</b> (unaudited) <i>HK\$'000</i>	As at 30 June 2024 (audited) <i>HK\$'000</i>
Trade payables ( <i>note (a)</i> )	6,200	4,851
Other payables and accruals ( <i>note (b)</i> )	9,812	9,918
Accrued interest	9,751	5,941
	<hr/>	<hr/>
Total	<b>25,763</b>	<b>20,710</b>
	<hr/> <hr/>	<hr/> <hr/>

*Notes:*

(a) An ageing analysis of trade payables, based on the invoice dates, is as follows:

	As at <b>31 December</b> <b>2024</b> (unaudited) <i>HK\$'000</i>	As at 30 June 2024 (audited) <i>HK\$'000</i>
Less than 1 month	2,626	1,433
1 to 3 months	364	–
3 to 6 months	–	137
More than 6 months but less than 1 year	76	659
More than 1 year	3,134	2,622
	<hr/>	<hr/>
	<b>6,200</b>	<b>4,851</b>
	<hr/> <hr/>	<hr/> <hr/>

The Group's trade payables are non-interest bearing and generally have payment terms of 0 to 90 days.

(b) As at 31 December 2024, other payables are non-interest bearing and have average payment terms of 31 to 90 days (as at 30 June 2024: 31 to 90 days).

## 12. OTHER BORROWINGS AND SHAREHOLDER'S LOANS

As at 31 December 2024 and 30 June 2024, total current and non-current other borrowings and shareholder's loans were scheduled to repay as follows:

	<b>31 December 2024 (unaudited) HK\$'000</b>	30 June 2024 (audited) HK\$'000
<b>Other borrowings</b>		
On demand or within one year ( <i>Note a</i> )	–	48,450
More than one year, but not exceeding two years ( <i>Note a</i> )	<b>50,000</b>	–
More than five years ( <i>Note b</i> )	<b>5,000</b>	5,000
	<u><b>55,000</b></u>	<u>53,450</u>
<b>Shareholders' Loans (<i>Note c</i>)</b>		
On demand or within one year	<b>30,000</b>	–
More than one year, but not exceeding two years	–	30,000
	<u><b>30,000</b></u>	<u>30,000</u>

*Notes:*

- (a) During the year ended 30 June 2023, the Group has unsecured and unguaranteed loan facilities in an aggregate principal amount of HK\$76,000,000 bearing an interest of 2% per annum from CGH (BVI) Limited (“CGH”), a former shareholder of the Company and a company owned as to 50% by each of Mr. Lee Wai Sang and Ms. Leung Mo Shan Jackie (both being the former executive directors of the Company), under three loan agreements (the “**Loan Agreements**”) entered into between the Group and CGH on 22 December 2021, 28 October 2022 and 21 November 2022, respectively. In March 2023, the Group was notified by CGH that it has assigned all its rights under the Loan Agreements and the underlying loans to an independent third party pursuant to a deed of assignment dated 23 March 2023 (the “**Assignment of Loans**”). The Assignment of Loans was made unilaterally by CGH pursuant to the terms of the Loan Agreements, all terms and conditions of the loans remain unchanged. As at 30 June 2024, the amortised cost of the loans from the independent third party was approximately HK\$48,500,000 and it was determined with effective interest rates of 6% to 8.69% per annum. On 23 September 2024, the Group entered into agreements to borrow loans in an aggregate principal amount of HK\$50,000,000 with that independent third party for 18 months with an interest rate of 15% per annum to repay all the original loan principals of HK\$50,000,000 due to that party.
- (b) On 2 May 2024, the Group issued a bond amounted to HK\$5,000,000 at an interest rate of 5% per annum to an independent third party. The bond has a term of 7 years and set to mature on 1 May 2031. The bond is guaranteed by a corporate guarantee of a Company's subsidiary, which holds a building of approximately HK\$5.9 million as at 31 December 2024.

- (c) On 8 August 2023, the Group obtained an unsecured and unguaranteed loan facility with interest-bearing of 15% per annum amounted to HK\$30,000,000 from its shareholder for two years from the draw down date of the loan facility. As at 31 December 2024, the Group drew down all the loan facility amounted to HK\$30,000,000.

### 13. SHARE CAPITAL

#### Ordinary shares of HK\$0.01 (as at 30 June 2023: HK\$0.4) each

	Ordinary share per unit HK\$	Number of shares ( '000)	HK\$'000
Authorised:			
At 1 July 2023	0.4	250,000	100,000
Capital reduction and subdivision ( <i>Note (b)</i> )	0.01	9,750,000	–
At 30 June 2024, 1 July 2024 and 31 December 2024	0.01	<u>10,000,000</u>	<u>100,000</u>
Issued and fully paid:			
At 1 July 2023	0.4	86,400	34,560
Issuance of shares on rights issue ( <i>Note (a)</i> )	0.4	43,200	17,280
Capital reduction and subdivision ( <i>Note (b)</i> )	0.01	–	(50,544)
Placing of new shares ( <i>Note (c)</i> )	0.01	25,920	259
At 30 June 2024, 1 July 2024 and 31 December 2024	0.01	<u>155,520</u>	<u>1,555</u>

*Note a:* On 17 May 2023, the Company announced to issue an aggregate of 43,200,000 ordinary shares (the “**Rights Shares**”) upon completion of the issue and allotment of 43,200,000 Rights Shares to the valid applicants pursuant to the rights issue on the basis of one Rights Share for every two existing ordinary shares held by the qualifying shareholders of the Company (the “**Shareholders**”) at a subscription price of HK\$0.4 per Rights Share (“**Rights Issue**”). The Rights Issue became unconditional on 17 July 2023 and were completed on 21 July 2023. The gross proceeds from the Rights Issue were approximately HK\$17,280,000 and the net proceeds were approximately HK\$16,280,000 after deducting the related expenses. The net proceeds of the Rights Issue were fully utilized to repay part of the Group’s borrowings. Further details were set out in the Company’s announcements dated 17 May 2023 and 21 July 2023 and Company’s prospectus dated 30 June 2023. These Right Shares issued rank pari passu with the existing shares in all respects.

*Note b:* On 20 November 2023, the Company announced that it proposed to implement a capital reduction involving the reduction of the par value of each of the issued share of the Company from HK\$0.40 to HK\$0.01 by cancelling the paid-up capital to the extent of HK\$0.39 per issued share so that following such reduction, each issued new share will have a par value of HK\$0.01. The credit arising from the capital reduction will be applied towards offsetting the accumulated losses of the Company as at the effective date of the capital reduction, thereby reducing the accumulated losses of the Company. Immediately following the capital reduction becoming effective, each authorized but unissued share of the Company will be sub-divided into forty (40) unissued new shares with a par value of HK\$0.01 each. The above capital reorganisation referred as the “Capital reduction and subdivision”.

Further, the board lot size for trading in the shares on the Stock Exchange was proposed to change from 4,000 shares of the Company to 12,000 new shares of the Company subject to the Capital reduction and sub-division becoming effective.

The Capital reduction and sub-division have become effective before 9:00 a.m. on Wednesday, 21 February 2024, and the change in board lot size and the dealing in the new shares in the Stock Exchange has commenced on 21 February 2024. Please refer to the Company’s circular dated 18 December 2023 and the Company’s announcement dated 21 February 2024 for details.

*Note c:* On 22 March 2024, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent has conditionally agreed, as the placing agent of the Company, to procure on a best effort basis to not less than six placees to subscribe for up to 25,920,000 ordinary shares with par value of HK\$0.01 each at a price of HK\$0.26 each (the “**Placing**”). The Placing was completed on 12 April 2024. The new shares rank pari passu with the existing shares in all respects. The gross proceeds from the Placing were approximately HK\$6,740,000 and the net proceeds (after deduction of placing fees and other expenses of the Placing) from the Placing were approximately HK\$6,520,000, representing a net placing price of approximately HK\$0.252 per placing share. The net proceeds were fully utilised for the payment of subcontracting charges for the interior solutions projects of the Group as originally intended. Further details were set out in the Company’s announcements dated 22 March 2024 and 12 April 2024.

#### **14. EVENT AFTER REPORTING PERIOD**

On 7 February 2025, the Company entered into a placing agreement with a placing agent pursuant to which the placing agent has conditionally agreed, as the placing agent of the Company, to procure on a best effort basis to not less than six placees to subscribe for up to 31,104,000 ordinary shares with par value of HK\$0.01 each at a price of HK\$0.20 each. The new shares rank pari passu with the existing shares in all respects. The aforesaid placing has not been completed at the date of this announcement. Further details was set out in the Company’s announcement dated 7 February 2025.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is principally engaged in the provision of bespoke and total interior design solutions to the retail stores and property facilities, which covers a wide range of services including millwork and furniture provision, facade development and fabrication, interior solutions, design, maintenance and project consultancy. The Group has been conducting its business since 1999 and has been developing its business in the PRC, Hong Kong, Australia, Europe and other countries. The Group also commenced online game distribution business during the Period.

For the Period, the Group's revenue, gross profit and net loss were approximately HK\$45.7 million, HK\$2.0 million and HK\$13.1 million (six months ended 31 December 2023: approximately HK\$27.0 million, HK\$15.8 million and net profit of HK\$6.7 million respectively); representing an increase of approximately 69.3%, an decrease of approximately 87.3% and a change from net profit to net loss when compared the figures for the Period with that for the six months ended 31 December 2023 respectively.

The widespread of the COVID-19 pandemic has led to the suspension or delay of business activities around the world. In addition, the fears from the growing threat of the global economic uncertainty led to a drop in the business sentiment. As a result, the slowdown in implementing the business strategies in relation to renovation and new shops/outlets roll out of certain customers of the Group was noted. As such, the Group has made more effort in business development on residential and non-retail projects during the Period.

In order to stay competitive in the market, the management of the Company has put resources and emphasized on developing the local business in the PRC, Hong Kong and Macau in recent years, as well as exploring Australian market. In addition to maintaining good business relationship with the existing large brand customers, the Group has established new business relationships with certain property developers.

The change from consolidated net profit of the Group for the six months ended 31 December 2023 to consolidated net loss of the Group for the Period was mainly because of the following one-off items during the six months ended 31 December 2023, namely (i) the reversal of contract cost on modification of contracts of approximately HK\$6.3 million; (ii) the reversal of expected loss on onerous contracts of approximately HK\$6.4 million and (iii) a gain on early termination of a lease of approximately HK\$4.8 million. The above items are primarily non-cash and non-recurring in nature and do not exist during the Period.



## **BUSINESS STRATEGIES AND OUTLOOK**

Despite the uncertainties of the global situation, it is on the right track that the Group is putting more effort to resume the PRC and overseas businesses.

Geographically speaking, as the Group is dedicated to putting more resources and efforts on exploring the business opportunities in relation to the interior solutions projects in the PRC market, positive responses have been received. We have established numerous business relationship with new clients who are internationally recognized brands and property developers and we have also been working closely with them for their expansion projects in the PRC in recent years. Further, the Group has also explored with the Australian market and certain contracts have been awarded in Australia during the Period.

In addition to the core business, in order to broaden the income sources, the Company has been exploring other business opportunities and commenced online game distribution business during the Period. Also, the Group has commenced property subleasing business in Australia in the beginning of year 2025. The Company will keep the Shareholders updated and informed by way of announcement(s) as and when appropriate.

Last but not least, the Group has been making efforts to solicit potential acquisition targets which may have synergy with the businesses of the Group for its ongoing strategic growth and such strategy remains unchanged.

## **FINANCIAL REVIEW**

### **Revenue**

The Group generated revenue principally from providing five major categories of sales and services, including: (i) sales of millwork, furniture and facade fabrication, (ii) interior solutions services, (iii) design and project consultancy services, (iv) maintenance services and (v) online game distribution services. Revenue of the Group increased by approximately 69.3% from approximately HK\$27.0 million for the six months ended 31 December 2023 to approximately HK\$45.7 million for the Period. The increase in revenue was mainly because the Group has successfully secured certain new projects during the Period; as well as the significant progress made in previous projects during the Period.

### **Direct costs**

Direct costs of the Group primarily consisted of costs of materials and subcontracting charges. Direct costs increased by approximately 290.2% from approximately HK\$11.2 million for the six months ended 31 December 2023 to approximately HK\$43.7 million for the Period. The increase in direct costs was mainly due to the increase in revenue during the Period; and there were reversal of contract cost on modification of contracts of approximately HK\$6.3 million and reversal of expected loss on onerous contracts of approximately HK\$6.4 million during the six months ended 31 December 2023.

As at 30 June 2023, the Group has accrued contract costs based on progress of the projects and recognised provision for onerous contracts relating to its obligation to complete an interior solution project and supply of millwork and furniture to its customers. During the six months ended 31 December 2023, certain relevant contracts were modified and/or terminated upon mutually agreement with the customers and suppliers, therefore certain accrued contract costs and estimated costs are no longer required, and reversal of contract cost on modification of contracts and reversal of expected loss on onerous contracts were recognised in the condensed consolidated statement of profit or loss and other comprehensive income during the six months ended 31 December 2023.

### **Gross profit and gross profit margin**

The Group's gross profit decreased by approximately 87.3% from approximately HK\$15.8 million for the six months ended 31 December 2023 to approximately HK\$2.0 million for the Period.

The Group's gross profit margin decreased from approximately 58.4% for the six months ended 31 December 2023 to approximately 4.5% for the Period.

The decrease in gross profit and gross profit margin during the Period were mainly due to increase in direct costs during the Period.

### **Gain on early termination of a lease**

The Group has early terminated a lease in respect of an office premise upon mutually agreement with the landlord during the six months ended 31 December 2023, therefore, among others, the carrying value of lease liabilities in respect of future lease payments was adjusted and a gain of approximately HK\$4.8 million was recognised in the condensed consolidated statement of profit or loss and other comprehensive income during the six months ended 31 December 2023.

### **Administrative expenses**

Administrative expenses of approximately HK\$9.5 million for the Period (six months ended 31 December 2023: approximately HK\$9.6 million) mainly consisted of employee benefits, rental and utilities, entertainment, legal and professional fees, transportation and travelling expenses. Administrative expenses remained stable during the Period.

### **LIQUIDITY AND FINANCIAL RESOURCES**

The Group derived cash inflow mainly from operating activities primarily through provision of sales and services. Cash outflow from operating activities primarily comprises direct costs, administrative expenses and other operating expenses.

As at 31 December 2024, the cash and bank balances amounted to approximately HK\$5.3 million (30 June 2024: approximately HK\$16.8 million).

As at 31 December 2024 and 30 June 2024, the Group did not have any bank facilities.

In view of the Group's current level of cash and bank balances, funds generated internally from operations and the property owned by the Group, the Board believes the Group has sufficient resources to support its operations and meet its foreseeable capital expenditures.

### **CAPITAL STRUCTURE**

As at 31 December 2024, the authorised share capital of the Company was HK\$100,000,000 divided into 10,000,000,000 shares of the Company with par value of HK\$0.01 each and the issued share capital was HK\$1,555,200 divided into 155,520,000 shares.

During the Period, the Group did not conduct any transaction in relation to the capital structure of the Company.

### **Borrowings and gearing ratio**

As at 31 December 2024, the Group had other borrowings of approximately HK\$55.0 million (30 June 2024: HK\$53.5 million) and shareholder's loans of approximately HK\$30.0 million (30 June 2024: HK\$30.0 million).

The gearing ratios (calculated as borrowings divided by total equity) were negative as the Group's equity was in a deficit position as at 31 December 2024 and 30 June 2024.

### **Charge on assets**

As at 31 December 2024 and 30 June 2024, the Group did not have any banking facilities. The Group is in the process of releasing the relevant guarantees and security under certain previous banking facility.

### **Contingent liabilities**

As at 31 December 2024, the Group had no significant contingent liabilities (30 June 2024: Nil).

### **INTERIM DIVIDEND**

The Board resolved not to declare any interim dividend for the Period (six months ended 31 December 2023: Nil).

### **SIGNIFICANT INVESTMENT HELD AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

The Group did not have any significant investment held as at 31 December 2024 nor any plans for material investments and capital assets.

### **MATERIAL ACQUISITIONS AND DISPOSALS**

During the Period, there was no material acquisition or disposal of subsidiaries, associated companies or joint ventures by the Group.

### **HUMAN RESOURCES AND EMPLOYEES' REMUNERATION**

As at 31 December 2024, the Group had 34 employees (30 June 2024: 30 employees). Total employee benefits (including Directors' and chief executive's remuneration) were approximately HK\$6.3 million for the Period (six months ended 31 December 2023: approximately HK\$5.9 million). Such increase was mainly due to more staff employed for the Group's businesses during the Period.

The Group remunerates its employees based on their qualifications, performance, experience and prevailing industry practice. Competitive remuneration package is offered to retain elite employees, including salaries, medical insurance, discretionary bonuses as well as mandatory provident fund schemes for employees in Hong Kong. Apart from basic remuneration, share options may be granted under the share option scheme to eligible employees on the basis of their individual performance to attract and retain talents to contribute the Group. In order to achieve a standard and quality production of works and to develop individual's potential, the Group's employees are encouraged to attend monthly sharing sessions, lectures and training courses which related to the nature of their duties. In addition to internal trainings, the Group also encourages employees to enroll in courses organised by external organisations and institutes.

## **CAPITAL COMMITMENTS**

As at 31 December 2024, the Group had no material capital commitment (30 June 2024: Nil).

## **FOREIGN EXCHANGE RISK**

The Group adheres to prudent financial management principle to control and minimise financial and operational risks. The Group is exposed to foreign currency risk primarily through sales and purchases that are denominated in United States dollars, Renminbi (RMB) and Australian dollars (AUD). The management is aware of the possible exchange rate exposure due to the continuing fluctuation of RMB and AUD and will closely monitor its impact on the performance of the Group to see if any hedging policy is necessary. Presently, there is no hedging policy with respect to the foreign exchange exposure.

## **EVENT AFTER REPORTING PERIOD**

Please refer to Note 14 to the condensed consolidated interim financial statements in this announcement for the important events affecting the Group after the end of the Period.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Period.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the code provisions as set out in the Corporate Governance Code (the “**CG Code**”) as contained in Part 2 of Appendix C1 to the Listing Rules as its own code of corporate governance.

Save as the deviation from code provision C.2.1 of the CG Code as described below, the Board considers that, the Company has fully complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code during the Period.

Code provision C.2.1 of the CG Code requires the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Mr. Wang Rong, the executive Director, assumes the roles of both the chairman of the Board (the “**Chairman**”) and the chief executive officer of the Company (the “**Chief Executive Officer**”). In view of Mr. Wang Rong’s extensive experience, personal profile and critical role in the Group during his tenure in the Group, the Board considers that vesting the roles of both Chairman and the Chief Executive Officer in Mr. Wang Rong would be beneficial to the business prospects of the Group.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company by the Directors.

Having made specific enquiry, all the Directors confirmed that they have complied with the required standards set out in the Model Code during the Period. Employees who are likely to be in possession of inside information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code.

## **AUDIT COMMITTEE**

The Company has established the Audit Committee with written terms of reference in compliance with the CG Code. The principal duties of the Audit Committee include the review and supervision of the Group’s financial reporting process, risk management and internal control systems, and review of the Group’s financial information. The Audit Committee comprises all three independent non-executive Directors, namely Mr. Tse Kwok Hing Henry (as committee chairman), Ms. Lee Kwai Sheung and Mr. Ma Jian. The Audit Committee has reviewed the Group’s unaudited condensed consolidated interim results for the Period and is of the opinion that such results complied with the applicable accounting standards and the requirements under the Listing Rules, and that adequate disclosures have been made.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This announcement is published on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.crosstec.com.hk](http://www.crosstec.com.hk)) respectively. The interim report of the Company for the Period containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

## **APPRECIATION**

The Company would like to take this opportunity to thank all our valued Shareholders and various stakeholders for their continuous support. Also, the Company would like to express its appreciation to all the staff for their efforts and commitments to the Group.

On behalf of the Board  
**CROSSTEC Group Holdings Limited**  
**Wang Rong**  
*Executive Director*

Hong Kong, 27 February 2025

*As at the date of this announcement, the Board comprises Mr. Wang Rong as an executive Director; Ms. Lee Kwai Sheung, Mr. Tse Kwok Hing Henry and Mr. Ma Jian as independent non-executive Directors.*