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APEX ACE
APEX ACE HOLDING LIMITED
光麗科技控股有限公司*
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6036)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



Hooray Securities Limited

THE PLACING

On 10 May 2022 (after trading hours), the Placing Agent and the Company entered into the conditional Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 67,500,000 Placing Shares at the Placing Price of HK\$0.4 per Placing Share to currently expected to be not less than six (6) Placees who and whose ultimate beneficial owners are Independent Third Parties. The Placing Shares will be allotted and issued pursuant to the General Mandate.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the maximum number of Placing Shares under the Placing represents (i) approximately 6.69% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.27% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming only the Placing is completed in full). The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be HK\$675,000.

The Placing Price of HK\$0.4 per Placing Share represents (i) a discount of approximately 4.76% to the closing price of HK\$0.42 per Share as quoted on the Stock Exchange on 10 May 2022, being the date of the Placing Agreement; and (ii) a discount of approximately 3.38% to the average closing price of HK\$0.414 per Share on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Placing Agreement.

* For identification purposes only

Subject to the Completion, it is expected that the maximum gross and net proceeds (after deducting the placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$27,000,000 and HK\$26,325,000 respectively. On such basis, the net issue price will be approximately HK\$0.39 per Placing Share. It is expected that the net proceeds from the Placing will be used for the Group's general working capital.

Since the Completion is subject to the fulfillment or waiver of the condition as set out in the Placing Agreement, the Placing may or may not proceed. The Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

THE PLACING AGREEMENT

On 10 May 2022 (after trading hours), the Placing Agent and the Company entered into the conditional Placing Agreement pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 67,500,000 Placing Shares at the Placing Price of HK\$0.4 per Placing Share to currently expected to be not less than six (6) Placeses who and whose ultimate beneficial owners are Independent Third Parties.

The principal terms and conditions of the Placing Agreement are set out below.

Date

10 May 2022 (after trading hours)

Parties

- (a) The Company as the issuer; and
- (b) Hooray Securities Limited as the Placing Agent

Placing Agent

Pursuant to the terms and conditions of the Placing Agreement, the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, up to 67,500,000 Placing Shares to currently expected to be not less than six (6) independent Placeses who and whose ultimate beneficial owners are Independent Third Parties. The terms and conditions of the Placing Agreement were arrived at after arm's length negotiation between the Company and the Placing Agent under normal commercial terms and with reference to the prevailing market conditions. The Directors are of the view that the terms and conditions of the Placing Agreement are fair and reasonable based on current market conditions.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties. As at the date of this announcement, the Placing Agent and its ultimate beneficial owners were not interested in any other securities of the Company. The Placing Agent will be entitled to receive a placing commission of 2.5% of the Placing Price in respect of such number of the Placing Shares successfully placed by the Placing Agent plus any other out-of-pocket charges and expenses by the Placing Agent in relation to the Placing.

Placees

The Placing Agent will, on a best effort basis, place the Placing Shares to currently expected to be not less than six (6) Placees (who are independent professional, institutional or other investors), who and whose ultimate beneficial owner(s) are Independent Third Parties. It is not expected that the Placing Agent or any Placees will become a substantial Shareholder as a result of the Placing.

Number of the Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion, the maximum number of the Placing Shares under the Placing represents (i) approximately 6.69% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 6.27% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares (assuming only the Placing is completed in full). The aggregate nominal value of the maximum number of the Placing Shares under the Placing will be HK\$675,000.

Ranking of the Placing Shares

The Placing Shares under the Placing will rank, upon issue, *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$0.4 per Placing Share represents (i) a discount of approximately 4.76% to the closing price of HK\$0.42 per Share as quoted on the Stock Exchange on 10 May 2022, being the date of the Placing Agreement; and (ii) a discount of approximately 3.38% to the average closing price of HK\$0.414 per Share on the Stock Exchange for the five (5) consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market prices of the Shares. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing Agreement (including the Placing Price and the placing commission) are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Subject to the Completion, it is expected that the maximum gross and net proceeds (after deducting the placing commission and other relevant costs and expenses of the Placing) from the Placing will be approximately HK\$27,000,000 and HK\$26,325,000 respectively. On such basis, the net issue price will be approximately HK\$0.39 per Placing Share. It is expected that the net proceeds from the Placing will be used for the Group's general working capital.

General Mandate to allot and issue of the Placing Shares

The Placing Shares will be issued under the General Mandate to allot, issue and deal with the Shares granted to the Directors by resolution of the Shareholders passed at the AGM subject to the limit up to 20% of the then issued share capital of the Company of 1,000,000,000 Shares as at the date of the AGM. Under the General Mandate, the Company is authorised to issue up to 200,000,000 Shares. Up to the date of this announcement, 9,550,000 Shares had been issued under the General Mandate. Thus the maximum number of new Shares which could be issued by the Company under the General Mandate is 190,450,000 Shares. As such, the General Mandate is sufficient for allotment and issue of the maximum of 67,500,000 Placing Shares. Accordingly, the issue of the Placing Shares is not subject to the approval of the Shareholders.

Condition of the Placing Agreement

Completion is conditional upon the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Placing Shares on or before Tuesday, 31 May 2022 or such other date to be agreed between the Company and the Placing Agent in writing. Such condition is not waivable by neither of the Company and/or the Placing Agent.

Completion of the Placing

Completion of the Placing will take place at 4:00 p.m. on the fifth (5) Business Day after the fulfillment of the condition set out in paragraph headed "Condition of the Placing Agreement" above. If the above condition is not satisfied on or before Tuesday, 31 May 2022 or such later date to be agreed between the Company and the Placing Agent in writing, the Placing will be terminated and the Placing will not proceed and all obligations of the Company and the Placing Agent under the Placing Agreement will cease and none of the parties will have any claim against the other.

Termination of the Placing Agreement

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date, if:

- (1) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or

- (2) there is any breach of the warranties given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or make it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in all announcements, circulars, quarterly, interim and annual reports issued by the Company since the publication of the announcement of the Company relating to the audited annual results of the Company for the year ended 31 December 2021 has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the Completion Date if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination of the Placing Agreement pursuant to above, all liabilities of the Company and the Placing Agent under the Placing Agreement shall cease and terminate and none of the parties shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement. The Directors are not aware of the occurrence of any of above events as at the date of this announcement.

APPLICATION FOR LISTING OF PLACING SHARES

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Placing Shares under the Placing.

REASONS FOR AND BENEFITS OF THE PLACING AND USE OF PROCEEDS

The principal activity of the Company is investment holding. The Group is principally engaged in the sales of electronic components, and sales and integration of digital storage systems. It is expected that the maximum gross and net proceeds from the Placing will be approximately HK\$27,000,000 and HK\$26,325,000 respectively.

The net proceeds raised per Share after the Completion will be approximately HK\$0.39 per Share. It is expected that the net proceeds from the Placing will be used for the Group's general working capital.

Taking into consideration that (i) approximately HK\$41.0 million of the cash balance of approximately HK\$143.7 million as at 31 December 2021 has been earmarked for the Group’s “Future Plans” as stated in the Company’s annual report for the year ended 31 December 2021; and (ii) the Group recorded trade payables of approximately HK\$160.9 million and bank borrowings of approximately HK\$538.5 million as at 31 December 2021, the Board is of the view that the Placing will strengthen the financial position of the Company and provide funding to the Company for business operations as the Group is optimistic about the overall development of the electronic market such as automotive, smart device, mobile device, green energy and data center. The Placing represents good opportunities to broaden the Shareholders’ base and the capital base of the Company. The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Placing Agreement are fair and reasonable and are on normal commercial terms and the Placing is in the interests of the Company and the Shareholders as a whole.

EFFECTS OF PLACING ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon Completion (assuming the maximum number of the Placing Shares are placed in full and there is no other change in the share capital of the Company from the date of this announcement up to the Completion); and (iii) immediately upon Completion (assuming the convertible bond and perpetual subordinated convertible securities issued on 23 February 2022 to Nicegoal Limited (collectively, the “**CB and PSCS**”) are fully converted from the date of this announcement up to the Completion) are set out as follows:

	As at the date of this announcement		Immediately upon Completion assuming no change in share capital from the date of this announcement up to the Completion		Immediately upon Completion assuming full conversion of the CB and PSCS from the date of this announcement up to the Completion	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Shareholders						
Best Sheen Limited (Note 1)	750,000,000	74.29	750,000,000	69.63	750,000,000	64.50
Nicegoal Limited (Note 2)	–	–	–	–	85,710,000 (Note 3)	7.37
Sub-total	<u>750,000,000</u>	<u>74.29</u>	<u>750,000,000</u>	<u>69.63</u>	<u>835,710,000</u>	<u>71.87</u>
The Placees	–	–	67,500,000	6.27	67,500,000	5.81
Other public Shareholders	<u>259,550,000</u>	<u>25.71</u>	<u>259,550,000</u>	<u>24.10</u>	<u>259,550,000</u>	<u>22.32</u>
Total	<u><u>1,009,550,000</u></u>	<u><u>100.00</u></u>	<u><u>1,077,050,000</u></u>	<u><u>100.00</u></u>	<u><u>1,162,760,000</u></u>	<u><u>100.00</u></u>

Notes:

1. The entire issued share capital of Best Sheen Limited is held by Mr. Lee Bing Kwong (“**Mr. Lee**”), the Chairman and Chief Executive Officer.
2. The entire issued share capital of Nicegoal Limited is held by Ample Magic Limited (溢妙有限公司), which is in turn wholly-owned by Mr. Lee.
3. According to the conversion restrictions under the deed polls in relation to the CB and PSCS, no conversion rights shall be exercised if there will not be sufficient public float (i.e. 25%) of the Shares required under the Listing Rules.

FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST TWELVE MONTHS

Set out below is the fund raising activities of the Company in the past twelve months immediately preceding the date of this announcement:

Date of announcements	Fund-raising activity	Gross proceeds	Intended and actual use of proceeds
21 October 2021, 25 November 2021, 23 February 2022	Issue of CB and PSCS	HK\$30.0 million	100% of the net proceeds from the issue of the CB and PSCS were used as the consideration for the acquisition of property

Save as disclosed above, the Company had not conducted any equity fund-raising activities during the past twelve (12) months immediately preceding the date of this announcement.

Since the Completion is subject to the fulfillment or waiver of the conditions as set out in the Placing Agreement, the Placing may or may not proceed. The Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 26 May 2021
“Board”	the board of the Directors

“Business Day(s)”	any day (excluding Saturday, Sunday and public holidays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“Company”	Apex Ace Holding Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6036)
“Completion”	completion of the Placing pursuant to the terms and conditions of the Placing Agreement
“Completion Date”	on the fifth (5th) Business Day after the fulfillment of condition set out in the Placing Agreement
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the AGM to allot, issue or deal with new Shares up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons and is not acting in concert (as defined in the Takeovers Code) with any of the connected persons of the Company or any of their respective associates (as defined in the Listing Rules)
“Listing Committee”	has the meaning ascribed to such term in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Main Board”	the main board maintained and operated by the Stock Exchange
“Placee(s)”	any individual(s), corporation(s), institutional investor(s) or other professional investor(s) to be procured by or on behalf of the Placing Agent under the Placing

“Placing”	the offer by way of private placing of the Placing Shares by or through the Placing Agent to the Placee(s) on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Hooray Securities Limited, the placing agent and a licensed corporation to carry on business in Type 1 (dealing in securities) regulated activity under the SFO
“Placing Agreement”	the conditional placing agreement dated 10 May 2022 entered into between the Company and the Placing Agent in relation to the Placing under the General Mandate
“Placing Price”	HK\$0.4 per Placing Share
“Placing Share(s)”	an aggregate of up to 67,500,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers and Share Buy-backs of Hong Kong
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Apex Ace Holding Limited
Lee Bing Kwong
Executive Director, Chairman and Chief Executive Officer

Hong Kong, 10 May 2022

As at the date of this announcement, the executive Directors are Mr. Lee Bing Kwong (Chairman and Chief Executive Officer), Mr. Lo Yuen Kin and Ms. Lo Yuen Lai; and the independent non-executive Directors are Mr. Cheung Siu Kui, Mr. Yim Kwok Man and Dr. Chow Terence.