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中國恒泰
CHINA APEX

China Apex Group Limited
中國恒泰集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2011)

GRANT OF SHARE OPTIONS UNDER SHARE OPTION SCHEME

This announcement is made by the Company pursuant to Rule 17.06A of the Listing Rules.

The Company wishes to announce that on 27 September 2023, the Board (including the independent non-executive Directors, but save and except Mr. Yip and Ms. Cheung who have abstained from voting) resolved to grant an aggregate of 55,776,480 Share Options pursuant to the Share Option Scheme, of which, 33,465,888 Share Options were conditionally granted to Mr. Yip, 5,577,648 Share Options were granted to Ms. Cheung and 16,732,944 Share Options were conditionally granted to Mr. Lin under the Share Option Scheme. The Conditional Grant is subject to the approval by the Shareholders at the EGM.

Details of the Share Options granted or conditionally granted are as follows:

Date of Grant : 27 September 2023

Number of Share Options Granted : a total of 55,776,480 Share Options (each Share Option shall entitle the Grantees to subscribe for one Share), of which:

- (i) 33,465,888 Share Options were conditionally granted to Mr. Yip, an executive Director;
- (ii) 5,577,648 Share Options were granted to Ms. Cheung, an executive Director; and
- (iii) 16,732,944 Share Options were conditionally granted to Mr. Lin, a senior management of the Company.

Subject to the approval by Shareholders at the EGM, following the grant of the Share Options above, there will be no more Shares available for future grant under the current scheme mandate of the Share Option Scheme.

Exercise Price of Share Options Granted : HK\$1.09 per Share

(no less than the highest of (i) the average closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange for the five business days (as defined in the Listing Rules) immediately preceding the date of grant, being HK\$1.056; (ii) the closing price of the Shares as stated in the daily quotation sheet issued by the Stock Exchange on the date of grant, being HK\$1.09; and (iii) the nominal value of the Shares).

Closing Price of Shares on Date of Grant : HK\$1.09 per Share

Validity Period of Share Options : In respect of the Share Options granted to Ms. Cheung, 5 years from 27 September 2023 to 26 September 2028 (both dates inclusive). In respect of the Share Options granted to Mr. Yip and Mr. Lin, 5 years from the Conditional Grant Effective Date.

Vesting period and exercise period of Share Options : Subject to the fulfillment of the performance target as set out below, the Share Options shall be vested and exercised during the following period:

Name of Grantee	Number of Share Option	Vesting and Exercise Period
Mr. Yip	11,155,296	Conditional Options I will be vested and exercisable from the expiry of 12 months of the date of grant (in respect of the Share Options granted to Ms. Cheung) or Conditional Grant Effective Date (in respect of the Share Options granted to Mr. Yip and Mr. Lin) up to the end of the Validity Period. If the Performance Target 2023 (as defined below) is not met on or before 30 April 2024, Conditional Option I (together with Conditional Options II (as defined below)) will be vested and exercisable after 30 April 2025 on the condition that the Performance Target 2024 (as defined below) is met.
Mr. Lin	5,577,648	
Ms. Cheung	1,859,216	
	(collectively, the “ Conditional Options I ”)	
Mr. Yip	11,155,296	Conditional Options II will be vested and exercisable from the expiry of 24 months of the date of grant (in respect of the Share Options granted to Ms. Cheung) or Conditional Grant Effective Date (in respect of the Share Options granted to Mr. Yip and Mr. Lin) up to the end of the Validity Period. If the Performance Target 2024 is not met on or before 30 April 2025, Conditional Options II (together with Conditional Options I, if not vested) will be vested and exercisable after 30 April 2026 on the condition that the Performance Target 2025 (as defined below) is met.
Mr. Lin	5,577,648	
Ms. Cheung	1,859,216	
	(collectively, the “ Conditional Options II ”)	

Name of Grantee	Number of Share Option	Vesting and Exercise Period
Mr. Yip	11,155,296	Conditional Options III will be vested and exercisable from the expiry of 36 months of the date of grant (in respect of the Share Options granted to Ms. Cheung) or Conditional Grant Effective Date (in respect of the Share Options granted to Mr. Yip and Mr. Lin) up to the end of the Validity Period. If the Performance Target 2025 (as defined below) is met on or before 30 April 2026, Conditional Options III (together with Conditional Options I and Conditional Options II, if not vested) will be vested and exercisable after 30 April 2026. However, if the 2025 Performance Target is not met on or before 30 April 2026, Conditional Options III (together with the Conditional Options I and Conditional Options II, if not vested) will automatically lapse.
Mr. Lin	5,577,648	
Ms. Cheung	1,859,216	

(collectively, the “**Conditional Options III**”)

Performance Target : The vesting and exercise of the Share Options shall be subject to the following performance target:

Performance period	Performance target
For the financial year ending 31 December 2023	Net Profit shall not be lower than HK\$15,000,000 (“ Performance Target 2023 ”)
For the financial year ending 31 December 2024	Net Profit shall not be lower than HK\$22,500,000 (“ Performance Target 2024 ”)
For the financial year ending 31 December 2025	Net Profit shall not be lower than HK\$30,000,000 (“ Performance Target 2025 ”)

The above targets were determined with reference to (a) the Group's consolidated revenue, profit after tax and the net profit margin for the financial year of 2022; and (b) income that may be generated from the management agreement entered into in August 2023 for the management of the premises currently operated as the Jiajinlong Car City (嘉進隆汽車城) (which was the subject of the Company's announcement dated 30 August 2023).

The purpose of the grant of the Share Options is to motivate and retain the Grantees by allowing them to share the results achieved by the Group as a result of their efforts and contributions.

Having considered that: (a) the Grantees' experiences in the Group's business, contribution and dedication to the promotion of the Group's business; (b) they as the executive Directors and senior management directly and significantly contributes to the overall business performance, sustainable development and/or good corporate governance of the Group; and (c) the Share Options will be vested to them in 3 tranches on an annual basis over a period of 3 years from the date of grant, where the value of the Share Options will be linked to future prices of the Shares which in turn will depend upon the performance of the Company.

In view of the above, especially the minimum vesting period and the performance target, the Remuneration Committee considers that the grant of the Share Options to the Grantees will align the long-term interests of the Grantees with those of the Company and the Shareholders, motivate them to commit themselves to the Company's continued competitiveness, operating results and growth in the future and reinforce their commitment to the long-term service of the Company, and is therefore consistent with the objectives of the Share Option Scheme.

Clawback Mechanism : Save for the early termination events as set out in the Share Option Scheme, which are applicable to all the Grantees, the Share Option shall lapse if a Grantee ceases to be an Employee Participant by reason of (i) termination of the Grantee's employment or contractual engagement with the Group by reason of his/her permanent physical or mental disablement, or (ii) termination of the Grantee's employment or contractual engagement with the Group by reason of redundancy, any outstanding Share Options (to the extent not already exercised) shall immediately lapse, unless the Board determines otherwise at their absolute discretion.

If there is any judgment, decree or award which has been implemented against the Grantees or the Board has reason to believe that the Grantees are insolvent or cannot reasonably be expected to pay his debts in the future, such Share Options (to the extent not already exercised) shall automatically lapse and become unexercisable.

The Grantees are required to pay HK\$1.00 on acceptance of the Share Options. Such payment shall not be refundable in all circumstances. The Group has not provided any financial assistance to the Grantees for the purchase of Shares under the Share Option Scheme.

The Shares to be allotted upon the exercise of the Share Options will be subject to all the provisions of the Articles of Association and the laws of the Cayman Islands from time to time and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the date when the name of the Grantee is registered on the register of members of the Company and accordingly will entitle the holders thereof to participate in all dividends or distributions paid or made on or after the name of the Grantee is registered on the register of members of the Company, other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date when the name of the Grantee is registered on the register of members of the Company. A Share issued upon the exercise of a Share Option shall not carry any voting rights until the name of the Grantee has been duly entered on the register of members of the Company as the holder thereof. For the avoidance of doubt, the aforementioned rights do not attach to the Share Options themselves.

REASONS FOR THE GRANT OF SHARE OPTIONS

The purpose of the Share Option Scheme is to reward the participants who have contributed or will contribute to the Group and to encourage the participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The grant of share options is to provide incentives rewards, remunerations and/or benefits (i) in retaining the Grantees for continuous operation and development of the Group; and (ii) for his persistent devotions and leadership by further aligning the interests of the Group with his, thereby enhancing the value for the Shareholders in the long term.

Mr. Yip, as an executive Director and the Chairman of the Board, is principally responsible for overseeing the overall management, business operation and development of the Group. He has over 40 years of experience in banking financing and investment industry. Before joining the Company, Mr. Yip was the Chief Financial Officer of Maple International Group (China) Company Limited (“MIG”), a company incorporated in Hong Kong focusing on property development, from 2014 till 2022, in which he is responsible for project management and financing. From 1990 through 2003, Mr. Yip worked as a senior banking manager in Tamara Bank, Indonesia. From 1983 to 1989, he was with Merrill Lynch sales and trading department. With his seniority, superb experience and leadership skills, the Group can enjoy Mr. Yip’s considerable business experience and network to formulate business strategies and development plans for the Group.

Ms. Cheung, an executive Director, has been the General Manager of the Company since February 2022 and is responsible for overseeing the business planning and operational decision of the Company. She works as the Chief of Staff of the Company, responsible for collaborating with the Board to determine and prioritize business strategies including financial control and administration management of the Company. She works closely with the Chairman, investment team and operation team to deliver, monitor, and facilitate progress towards goals of the Company. Ms. Cheung worked as the General Manager of MIG from September 2017 till 2022, responsible for overseeing the operation of property investment segment in Hong Kong and Singapore as well as overall strategy, business planning and operational decisions.

Mr. Lin is the Chief Investment Officer and is principally responsible for investment and financing management of the Company in both Mainland and Hong Kong, China. He has significant work and deal experience in asset management in terms of both public and private financial markets investments such as IPOs, private equity and liquidity management. He also has abundant expertise in credit financing such as debt paper issuance in both public and private markets. Before joining the Company, Mr. Lin worked as Chief Investment Officer of China Shipbuilding Capital Limited (“CSCL”). Before CSCL, Mr. Lin worked in Private Banking industry in Hong Kong. Before moving to Hong Kong, he worked as an Attorney at Law in Mainland China. Leveraging his experience and expertise, Mr. Lin has been assisting Mr. Yip and the Board in formulating business strategies and executing corporate developments for the Group.

The principal activities of the Group are design, manufacture and sale of finished zippers and other garment accessories etc. in China. The Group recorded losses since the financial year ended 31 December 2017. According to the Company's 2022 annual report, the Russian-Ukraine conflict, the impact from the pandemic, and the competition between major powers has led to global inflation. With the costs of raw materials and energy remaining high, there has been an increase in labour costs across the industrial chain. Moving forward to 2023, though there has been a decline of impact from the pandemic, inflation remains a significant challenge. Accordingly, the Board believes that there is a need for the Group to diversify its business strategies by expanding its scope of business to broaden the source of income of the Group, which will generate a sustainable long-term value for the Shareholders. With the efforts of Mr. Yip, Ms. Cheung and Mr. Lin, the Group has entered into a management agreement for the management of the premises currently operated as the Jiajinlong Car City (嘉進隆汽車城) with showrooms for car sales, and offers car maintenance and after sales services, etc., details of which are set out in the announcement of the Company dated 31 August, 2023. As disclosed, the Board believes that the entering into of such management agreement and stepping into the property and enterprise management sector represents a good opportunity for the Group to diversify its existing business and broaden the income stream of the Group, which will potentially improve the Group's business operations and financial position. Given the important roles played by Mr. Yip, Ms. Cheung and Mr. Lin in the Group, the Board believes that the Group will be able to grasp further potential business opportunities by leveraging their experience, business networks and management skills, which will be of critical importance to the future development of the Group.

In determining the number of the Share Options granted to the Grantees, the Board considered factors such as time commitment, duties and responsibilities, past experience, the contributions and expected future contributions of each of Mr. Yip, Ms. Cheung and Mr. Lin. The Board has considered to incentivize Mr. Yip, Ms. Cheung and Mr. Lin via monetary compensation. However, this will increase the expenses of the Group and impose a greater financial burden on the Group. Unlike cash compensation, the grant of Share Options will only incur share-based payment expenses which are non-monetary in nature. Furthermore, the exercise of Share Options will provide additional working capital to the Group. The grant of Share Options to the Grantees enables the Group to preserve its cash resources for future business diversification and expansion while serving the purpose to incentivize Mr. Yip, Ms. Cheung and Mr. Lin, which aligns with the purpose of the Share Option Scheme.

The Board (save and except Mr. Yip and Ms. Cheung) is of the view that the grant of Share Options to the Grantees which forms part of their respective remuneration package can serve to incentivize them to further contribute to the long-term development of the Group and align their interests with that of the Company and the Shareholders as a whole. Therefore, the Board (save and except Mr. Yip and Ms. Cheung) considered that the grant of Share Options to the Grantees is in the interests of the Company and its Shareholders.

LISTING RULES IMPLICATIONS

Pursuant to Rule 17.04(1) of the Listing Rules and the Share Option Scheme, the grant of Share Options by the Company to any Director, chief executive, or Substantial Shareholder(s) of the Company or any of their respective associates must be approved by the independent non-executive Directors (excluding independent non-executive Directors who are the grantees of the Share Options concerned). The grant of Share Options to Mr. Yip and Ms. Cheung has been reviewed and approved by the independent non-executive Directors accordingly.

Pursuant to Rule 17.03D(1) of the Listing Rules and the terms of the Share Option Scheme, if the grant of Share Options to a grantee would result in the Shares in issue and to be issued under all Share Options and awards granted to such grantee by the Company during the 12-month period up to and including the date of grant (excluding any Share Options and awards which have lapsed under the terms of the Share Option Scheme) in excess of 1% of the relevant class of shares of the Company in issue, then the Company must convene a separate general meeting to seek Shareholders' approval (at which the grantee and its close associates or, in the case of the grantee who is a connected person, its associates must abstain from voting).

As the total number of Shares to be issued upon exercise of the abovementioned Share Options proposed to be granted to each of Mr. Yip and Mr. Lin exceeds the 1% of the relevant class of Shares of the Company in issue, the grant of the abovementioned Share Options to them will be subject to approval by the Shareholders at a general meeting pursuant to Rules 17.03D(1) of the Listing Rules, where the Mr. Yip and Mr. Lin and their respective associates shall abstain from voting on the relevant resolution(s) at the EGM pursuant to the Listing Rules.

Mr. Yip and Ms. Cheung, being executive Director of the Company, have abstained from voting on the Board resolutions for considering and approving the grant of Share Options to Ms. Cheung and the Conditional Grant to Mr. Yip. Save for the aforesaid, none of the Directors has a material interest in the resolutions approving the grant to the Grantees. The Conditional Grant has been approved by the independent non-executive Directors in compliance with Rule 17.04(1) of the Listing Rules.

To the best knowledge, belief and information of the Directors, having made all reasonable enquiries, no Shareholder has a material interest in the relevant resolution which would be required to abstain from voting on the relevant resolution at the EGM.

A circular containing, among other things, (i) further details of the grant of the Share Options to Mr. Yip and Mr. Lin; and (ii) a notice of the EGM will be despatched to the Shareholders under the Listing Rules in due course.

DEFINITION

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

“Articles of Association”	the articles of association of the Company adopted on 27 June 2023, and as amended from time to time
“associate(s)”	has the meaning as defined under the Listing Rules
“Board”	the board of Directors
“Company”	China Apex Group Limited (中國恒泰集團有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
“Conditional Grant”	the conditional grant of the Share Options to Mr. Yip and Mr. Lin
“Conditional Grant Effective Date”	the date on which the approval of the Conditional Grant is obtained from the Shareholders
“connected person(s)”	has the meaning as defined under the Listing Rules
“Director(s)”	director(s) of the Company
“Employee Participant”	Director(s) and employee(s) of the Company or any of its subsidiaries (including persons who are granted Share Options as an inducement to enter into employment contracts with the Company or any of its subsidiaries)
“Extraordinary General Meeting” or “EGM”	the extraordinary general meeting of the Company to be convened to consider and approve the Conditional Grant
“Grantee(s)”	Mr. Yip, Ms. Cheung and Mr. Lin
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Mr. Lin”	Mr. Lin Sunming, a senior management of the Company, one of the Grantees
“Mr. Yip”	Mr. Yip Siu Lun Dave, the Chairman and an executive Director, one of the Grantees
“Ms. Cheung”	Ms. Cheung Ka Yuen, an executive Director, one of the Grantees
“Net Profit”	audited consolidated net profit of the Company (excluding the option expense incurred by the vesting of any Share Options in that relevant financial year) for the relevant financial year
“Remuneration Committee”	the remuneration committee of the Company
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Share Option(s)”	share option(s) granted or to be granted under the Share Option Scheme to subscribe for Shares in accordance with the terms thereof
“Share Option Scheme”	the share option scheme adopted by the Company on 30 May 2023
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Validity Period”	in respect of the Share Options granted to Ms. Cheung, 5 years from 27 September 2023 to 26 September 2028 (both dates inclusive). In respect of the Share Options granted to Mr. Yip and Mr. Lin, 5 years from the Conditional Grant Effective Date

“HK\$” and “cents” Hong Kong dollars and cents, the lawful currency of Hong Kong

“%” per cent.

By Order of the Board
China Apex Group Limited
Yip Siu Lun Dave
Chairman and executive Director

Hong Kong, 27 September 2023

As at the date of this announcement, the executive Directors are Mr. Yip Siu Lun Dave, Mr. Mak Yung Pan Andrew, Mr. Wu Cody Zhuo-xuan and Ms. Cheung Ka Yuen; the non-executive Director is Ms. Lin Ping; and the independent non-executive Directors are Mr. Leung Ka Tin, Mr. Cheng Hong Kei, Mr. Liew Fui Kiang and Mr. Ko Kwok Shu.