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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

Placing Agent



On 4 January 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place as the Company's placing agent on a best effort basis the Placing Shares (up to 16,733,000 new Shares) at the Placing Price of HK\$1.21 per Placing Share.

The Placing Shares represent approximately 3% of the existing issued share capital of the Company as at the date of this announcement and approximately 2.91% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares in full.

The maximum gross proceeds from the Placing will amount to approximately HK\$20.25 million. The maximum net proceeds from the Placing, after deduction of the Placing commission and other related expenses, are estimated to be approximately HK\$19.89 million. It is expected that approximately HK\$19.89 million, representing all of the net proceeds from the Placing, will be used for as general working capital and future business opportunities and investments.

Shareholders and potential investors should note that the Placing is subject to the fulfillment of the conditions under the Placing Agreement as set out in the section headed "Conditions of the Placing". As the Placing may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

On 4 January 2024 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent agreed to place as the Company's placing agent on a best effort basis the Placing Shares (up to 16,733,000 new Shares) at the Placing Price of HK\$1.21 per Placing Share.

THE PLACING AGREEMENT

The principal terms and conditions of the Placing Agreement are as follows:

Date

4 January 2024 (after trading hours)

Issuer

The Company

Placing Agent and Fees

KGI Asia Limited. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Placing Agent and whose ultimate beneficial owners are Independent Third Parties.

The Placing Agent has conditionally agreed to place a maximum of 16,733,000 Placing Shares on a best effort basis and it will charge the Company a placing commission of 1.75% of the aggregate Placing Price for the Placing Shares successfully placed by the Placing Agent in accordance with the terms of the Placing Agreement. The Placing commission was negotiated on an arm's length basis between the Company and the Placing Agent. Having considered the Placing Price and the terms of the Placing, the Directors are of the view that the placing commission is fair and reasonable.

Placees

Pursuant to the Placing Agreement, the Placing Agent will procure the Placing Shares to be placed to not less than six Placees, which will be individuals, institutional or professional investors on a best efforts basis. The Placing Agent will also use its reasonable endeavours to ensure that the Placees and their respective ultimate beneficial owners will be Independent Third Parties, and that none of the Placees and their respective ultimate beneficial owners will, immediately upon completion of the Placing, become a substantial shareholder of the Company.

Number of Placing Shares

The maximum number of 16,733,000 new Shares to be placed represent (i) approximately 3% of the existing total number of issued Shares as at the date of this announcement, and (ii) approximately 2.91% of the total number of issued Shares as enlarged by the allotment and issue of the Placing Shares in full.

Placing Price

The Placing Price of HK\$1.21:

- (i) is equivalent to the closing price of HK\$1.21 per Share as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) represents a premium of approximately 1.68% to the average closing price of HK\$1.19 per Share as quoted on the Stock Exchange for the last five consecutive trading days immediately prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price and the recent trading volume of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The net issue price per Placing Share (after deduction of the Placing commission and other related expenses as described below) is approximately HK\$1.19.

Based on the closing price of the Shares of HK\$1.21 per share on 4 January 2024 (the date of the Placing Agreement), the Placing Shares have a market value of approximately HK\$20,246,930. The aggregate nominal value of all Placing Shares amounts to HK\$167,330.

Ranking of the Placing Shares

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects with the other existing Shares in issue on the date of allotment and issue of the Placing Shares.

Conditions of the Placing

Completion of the Placing is conditional upon the following conditions:

- (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Placing Shares and such listing and permission not subsequently being revoked;
- (ii) all necessary consents and approvals to be obtained on the part of the Company in respect of the Placing Agreement and the transactions contemplated thereunder having been obtained;

- (iii) there shall not have occurred any material breach or any event which renders any of the representations, warranties or undertakings by the Company under the Placing Agreement untrue, inaccurate or misleading; and
- (iv) the Placing Agreement not being terminated by the Placing Agent pursuant to the terms of the Placing Agreement.

If the foregoing condition is not satisfied on or prior to 19 January 2024 (or such later date as may be agreed in writing between the Company and the Placing Agent), the Placing Agreement shall terminate and none of the parties to the Placing Agreement shall have any claim against the other for any costs or losses (save for any prior breaches of the Placing Agreement).

Completion of the Placing

Completion of the Placing shall take place within five Business Days after the fulfilment of the conditions of the Placing as aforesaid, or such other date as the Company and the Placing Agent shall agree.

General Mandate to issue the Placing Shares

The Placing Shares will be allotted and issued under the General Mandate. Pursuant to the General Mandate, the Directors are authorized to issue and allot up to 111,552,960 Shares. The Company has not exercised the power to allot and issue new Shares pursuant to such mandate prior to the date of the Placing Agreement. Therefore, the issue of the Placing Shares is not subject to approval of the Shareholders.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares as soon as practicable.

Termination of the Placing Agreement

The Placing Agent may, at any time up to 8:00 a.m. on the Completion Date, terminate the Placing Agreement if, in the reasonable opinion of the Placing Agent:

- (i) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which would be materially adverse in the consummation of the Placing; or
- (ii) there is any breach of the warranties, representations and undertakings given by the Company in this Agreement and such breach is material in the context of the Placing; or

- (iii) there is any material change (whether or not forming part of a series of changes) in market conditions which would materially and adversely affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (iv) there is any suspension of dealings in the Shares on the Stock Exchange for more than ten consecutive Business Days (other than as a result of or in connection with the Placing); or
- (v) any litigation or claim of material importance of any third party being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial prospects of the Group taken as a whole and which would materially prejudice the success of the Placing.

Upon termination of the Placing Agreement, none of the parties shall have any claims against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination or as specified in the Placing Agreement.

REASONS FOR THE PLACING

The principal activities of the Group are design, manufacture and sale of finished zippers and other garment accessories etc. in China.

As disclosed in the Company's 2022 annual report and the announcement of the Company dated 27 September 2023, with the costs of raw materials and energy remaining high, there has been an increase in labour costs across the industrial chain. Although 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. For that reason, 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 believed 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.

The Directors (including the independent non-executive Directors) are of the view that the Placing represents an opportunity to raise additional capital for the Group to strengthen its financial position in order to supplement the capital requirements for the newly developed business and achieve stable business performance for its existing business, which is in the interests of the Group and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement and the transactions contemplated thereunder (including the Placing), including the Placing Price and the Placing fees payable to the Placing Agent, are fair and reasonable based on the current market conditions, and are in the interests of the Group and the Shareholders as a whole.

USE OF PROCEEDS

Assuming all the Placing Shares were allotted, issued and fully paid:

- (i) the gross proceeds from the Placing will amount to approximately HK\$20,246,930;
- (ii) the net proceeds from the Placing after deducting the placing fee and other relating expenses payable by the Company will amount to approximately HK\$19,892,609; and
- (iii) the net price per Placing Share will be approximately HK\$1.19.

It is expected that approximately HK\$19,892,609, representing all of the net proceeds from the Placing, will be used for as general working capital and future business opportunities and investments.

Accordingly, the Directors are of the view that the Placing is in the best interest of the Company and its Shareholders as a whole.

FUND RAISING ACTIVITIES BY THE COMPANY IN THE PAST TWELVE MONTHS

The Directors confirm that the Company has not conducted any fund raising activities involving the issue of its equity securities in the 12 months immediately preceding the date of this announcement.

CHANGES IN SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the shareholding structure of the Company (i) as at the date of this announcement, and (ii) immediately after completion of the Placing, assuming that all of the 16,733,000 Placing Shares will be placed in full and no further Shares will be issued or repurchased before completion of the Placing.

	As at the date of this announcement		Immediately upon completion of the Placing	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Shareholders:				
Central Eagle Limited (<i>Note 1</i>)	130,897,663	23.47	130,897,663	22.79
China Sun Corporation (<i>Note 2</i>)	122,551,035	21.97	122,551,035	21.33
Golden Diamond Inc. (<i>Note 3</i>)	26,566,126	4.76	26,566,126	4.62
Public Shareholders:				
Placees	–	–	16,733,000	2.91
Others	277,749,976	49.80	277,749,976	48.35
Total	557,764,800	100	574,497,800	100

Note 1: Central Eagle Limited is wholly-owned by Mr. Wu Jingming.

Note 2: Mr. Chan Ho Yin and Mr. Li Kin Long Kenny have been appointed as the joint and several receivers (the “**Receivers**”) of, amongst others, the Shares beneficially owned by China Sun Corporation. For details of the appointment of the Receivers, please refer to the announcement of the Company dated 11 October 2021.

Note 3: Golden Diamond Inc. is owned as to 60% by Ms. Lin Ping, a non-executive Director, and as to 25% by Mr. Mak Yung Pan Andrew, an executive Director. The Shares beneficially owned by Golden Diamond Inc. are held by the Receivers. For details of the appointment of the Receivers, please refer to the announcement of the Company dated 11 October 2021.

Shareholders and potential investors should note that the Placing is subject to the fulfilment of the conditions under the Placing Agreement as set out in the section headed “Conditions of the Placing”. As the Placing may or may not proceed to completion, Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“Board”	the board of Directors
“Business Day”	any day (not being a Saturday, Sunday or public holiday in Hong Kong or any day on which a tropical cyclone warning no. 8 or above or a black rainstorm warning signal is issued in Hong Kong at any time between 9:00 a.m. and 5:00 p.m. on weekdays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours and the Stock Exchange is open for business of dealing in securities throughout its normal trading hours
“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
“Completion”	the completion of the Placing in accordance with the Placing Agreement
“connected person(s)”	has the meaning given to it under the Listing Rules
“Director(s)”	the directors of the Company
“General Mandate”	the general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company held on 27 June 2023 to allot, issue and deal up to 111,552,960 new Shares, being 20% of the total number of Shares in issue as at the date thereof
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Party(ies)”	party(ies) who are independent of, and not connected with or acting in concert (as defined under the Codes of Takeovers and Mergers and Share Buy-backs of Hong Kong) with, the Company, any of its connected persons (as defined under the Listing Rules), including the substantial shareholders and Directors, and any of their respective associates (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any individual(s), corporate, institutional investor(s) or other investor(s) procured and selected by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of up to a total of 16,733,000 new Shares to be allotted and issued pursuant to the terms and subject to the conditions of the Placing Agreement
“Placing Agent”	KGI Asia Limited, a licensed corporation incorporated in Hong Kong to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities for the purpose of the SFO
“Placing Agreement”	the placing agreement dated 4 January 2024 entered into between the Company and the Placing Agent in relation to the Placing
“Placing Price”	HK\$1.21 per Placing Share
“Placing Shares”	A maximum of 16,733,000 new Shares to be placed under the Placing and pursuant to the Placing Agreement
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning given to it under the Listing Rules
“%”	per cent

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

Hong Kong, 4 January 2024

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.