

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

DISCLOSEABLE TRANSACTIONS RELATING TO REDEMPTIONS OF INVESTMENT IN A FUND

Reference is made to the announcements of the Company dated 17 July 2017 and 21 August 2017 in relation to the subscription for Participating Shares in the Fund at a consideration of HK\$55 million and HK\$45 million respectively.

REDEMPTIONS OF INVESTMENT IN THE FUND

The Board announces that on 1 August 2019, the Company redeemed approximately 5,067 Participating Shares in the Fund at the redemption price of approximately HK\$55 million settled in cash, which was equal to the net asset value of the approximately 5,067 Participating Shares as at the redemption date (the “**First Redemption**”). The investment cost of the First Investment was approximately HK\$50.67 million and the carrying value as at the redemption date was approximately HK\$55 million. The net proceeds from the First Redemption were approximately HK\$55 million and were used as general working capital. The Company recorded a gain (after deducting the expenses and charges) of approximately HK\$4.33 million from the First Redemption, being the difference between the net proceeds of the First Redemption and the investment cost of the First Investment.

The Board further announces that on 25 March 2020, the Company redeemed approximately 4,932 Participating Shares in the Fund at the redemption price of approximately HK\$25.01 million settled in cash, which was equal to the net asset value of the approximately 4,932 Participating Shares as at the redemption date (the “**Second Redemption**”). The investment cost of the Second Investment was approximately HK\$49.33 million and the carrying value as at the redemption date was approximately HK\$25.01 million. The net proceeds from the Second Redemption were approximately HK\$24.89 million and will be used as general

working capital. The Company recorded a loss (after deducting the expenses and charges) of approximately HK\$24.44 million from the Second Redemption, being the difference between the net proceeds of the Second Redemption and the investment cost of the Second Investment.

To the Directors' knowledge, information and belief, the Company was the sole shareholder and only subscriber of the Fund immediately before the Redemptions. After the Redemptions, the Company ceased to hold any interest in the Fund.

INFORMATION OF THE FUND

Information of the Fund

Fullgoal SPC is a segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability. Fullgoal SPC is registered as a "segregated portfolio company" with the Registrar of Companies of the Cayman Islands. Fullgoal SPC has appointed the Manager as its investment manager.

The primary investment objective of the Fund is to generate long term capital appreciation for its shareholders by investing in, amongst others, financial equities listed on the Stock Exchange, high yielding debt instruments traded or issued in Asian markets, investment funds with investment strategies of investing in the foregoing, interest bearing instruments and convertible bonds, high-yield, non-investment grade investments and unrated securities which might be unlisted with high yield and high risks. The Fund seeks to invest in the abovementioned securities the issuer of which are engaged in the cultural, travelling, leisure or property development industries.

The Fund has a maturity of three years from the end of the initial offering period of 17 July 2017 and shareholders of the Fund may request redemption of all or some of their shares in the Fund on the first business day of each calendar month or at such other day as determined by the directors of Fullgoal SPC. The minimum redemption amount with respect to redemption of shares in the Fund is HK\$10 million or such other amount determined by the directors of Fullgoal SPC. The redemption price is equal to the net asset value per share of the Fund at the redemption day after deduction of any applicable accrued performance fees and other charges and expenses. The directors of the Fund has the absolute discretion to effect a redemption payment to any or all redeeming shareholders in kind rather than in cash.

Subject to the absolute discretion of the directors of Fullgoal SPC, a redemption fee of up to 1% of the redemption amount may be deducted from the redemption proceeds. The directors of Fullgoal SPC may waive all or part of the redemption fee. The Fund is subject to compulsory redemption by its directors without assigning any reason.

Information of the Manager

The Manager is a company incorporated in Hong Kong with its registered office at Room 2404-5, Man Yee Building, 68 Des Voeux Road Central, Hong Kong. The Manager is licensed by the Securities and Futures Commission of Hong Kong to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 9 (asset management) regulated

activities as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) in Hong Kong. The Manager is entitled to an annual management fee from the Fund of 0.22% of the net asset value attributable to Participating Shares.

In addition to management fee, the Manager is entitled to a performance fee from the Fund equivalent to 30% of the gain exceeding an annual internal rate of return of 20% (after deducting all costs, expenses and management fee) in respect of a disposal of an investment by the Fund.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, Fullgoal SPC, the Manager and their respective ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE REDEMPTIONS

The Group is principally engaged in manufacturing finished zippers in China. The Group's customers for zippers business are principally OEMs who manufacture apparel products for (i) some apparel brands in China; and (ii) some well-known international apparel brands.

The Company decided to make the First Redemption for the purpose of obtaining additional working capital and providing funding for potential investments in the future.

In respect of the Second Redemption, the Manager informed the Group that the Fund had been suffering from investment losses amid the current COVID-19 Pandemic and global economic stall. In view of the current unpleasant global economic situation and financial market volatility, and in order to mitigate further possible losses to be incurred by the Group in relation to the investment in the Fund, the Group decided to make the Second Redemption.

Having considered the above, the Directors considered that the Redemptions were on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

As the First Redemption and the Second Redemption were made by the Company respectively within a 12-month period, the transaction under each of the First Redemption and the Second Redemption require aggregation under Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the First Redemption and the Second Redemption (as aggregated with the First Redemption) exceeded 5% but were less than 25%, each of the First Redemption and the Second Redemption constituted a discloseable transaction for the Company and was subject to the announcement requirement under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.34 of the Listing Rules, as soon as possible after the terms of a discloseable transaction have been finalised, the Company must publish an announcement as soon as possible. As such, the Company did not comply with the requirement of Rule 14.34 of the Listing Rules to publish announcements in respect of the Redemptions as soon as possible.

REMEDIAL MEASURES

At the material times of the Redemptions, the Company overlooked the fact that apart from subscription(s) of financial investment, redemption(s) of the investment in the Fund would also constitute a transaction under Chapter 14 of the Listing Rules. The Company had fully complied with the announcement requirement in respect of the subscriptions of investment in the Fund and published announcements on 17 July 2017 and 21 August 2017 respectively. The Company inadvertently overlooked the announcement requirement under Chapter 14 of the Listing Rules in respect of the Redemptions. The Company has now been advised by its legal advisers that any acquisition, disposal, subscription or redemption of financial investments, including the Redemptions would constitute transactions under Chapter 14 of the Listing Rules.

For the avoidance of similar incidents, the Company has implemented and/or will implement the following measures and procedures:

- (1) the Company has published this announcement in respect of the Redemptions to inform the shareholders and potential investors of the Company of the details of the Redemptions and the rectification measures to be implemented by the Company;
- (2) the management of the Company will be required to provide the details of all proposed financial investments in the future, including any acquisition, disposal, subscription or redemption of financial investments, to Mr. Wu David Hang, the executive director and vice chairman of the Company in order to assess the implication under Listing Rules before making those financial investments;
- (3) the Company will work more closely with its legal and financial advisers on compliance issues; and
- (4) the Company has notified and explained to the Board and its management the relevant requirements and implications for notifiable transactions regarding acquisition, disposal, subscription and redemption of financial investments under the Listing Rules.

It is always the intention of the Company to fully comply with the Listing Rules. The management of the Company is now fully aware of the requirements under the Listing Rules in respect of any redemption of financial investments of the Group and will ensure that the Company will comply with the relevant Listing Rules for all its future financial investments (if any).

DEFINITIONS

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

“Board”	board of the Directors
“Company”	China Apex Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“First Investment”	the subscription for Participating Shares in the Fund at a consideration of HK\$55 million pursuant to the subscription agreement entered into between the Company and Fullgoal SPC dated 17 July 2017
“Fullgoal SPC”	Fullgoal China Access RQFII Fund SPC, a segregated portfolio company incorporated under the laws of the Cayman Islands with limited liability
“Fund”	Fullgoal Strategic Growth Fund Segregated Portfolio, a segregated portfolio created by Fullgoal SPC
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	any person(s) or company(ies) and their respective ultimate beneficial owner(s) are third parties independent of and not connected with the Group and its connected persons in accordance with the GEM Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange

“Manager”	Fullgoal Asset Management (HK) Ltd., a company incorporated under the laws of Hong Kong
“Participating Shares”	non-voting, participating and redeemable Class G shares in the share capital of Fullgoal SPC
“Redemptions”	the First Redemption and the Second Redemption
“Second Investment”	the subscription for Participating Shares in the Fund at a consideration of HK\$45 million pursuant to the subscription agreement entered into between the Company and Fullgoal SPC dated 21 August 2017
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent

By Order of the Board
China Apex Group Limited
Zhuang Weidong
Chairman

Hong Kong, 20 April 2020

As at the date of this announcement, the executive directors of the Company are Mr. Zhuang Weidong, Mr. Qiu Chuanzhi, Mr. Wu David Hang and Mr. Mak Yung Pan Andrew; the nonexecutive director of the Company is Ms. Lin Ping; and the independent non-executive directors of the Company are Mr. Leung Ka Tin, Mr. Cheng Hong Kei and Mr. Liew Fui Kiang.