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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)

MEMORANDUM OF UNDERSTANDING IN RELATION TO THE POSSIBLE ACQUISITION

The Board announces that on 5 June 2020, the Company and the Vendor entered into the non-legally binding MOU in respect of the Possible Acquisition.

The MOU does not constitute legally-binding commitment in respect of the Possible Acquisition. The Possible Acquisition is subject to, among others, the execution and completion of the Sale and Purchase Agreement. The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into by the Vendor and the Company as at the date of this announcement. As such, the Possible Acquisition may or may not proceed.

If the Possible Acquisition materialises, it will constitute a notifiable and connected transaction on the part of the Company under the Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

Shareholders and investors are urged to exercise caution when dealing in the securities of the Company.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board announces that on 5 June 2020, the Company and the Vendor entered into the non-legally binding MOU in respect of the Possible Acquisition.

THE MOU

Date: 5 June 2020

Parties: (i) the Company as purchaser; and
(ii) the Vendor as vendor.

The Vendor is a company incorporated in the Cayman Islands with limited liability and is principally engaged in investment holding. As at the date of this announcement, the Vendor is beneficially owned as to 20.37% by Mr. Mak, an executive Director and 20.37% by Mr. Sunming Lin, who is the son-in-law of Ms. Lin Ping, a non-executive Director. Each of Mr. Mak and Ms. Lin Ping holds 25% and 60% of the issued share capital of Golden Diamond Inc., which is a substantial holder of the Company and holds 82,342,606 Shares, representing approximately 17.72% of the issued share capital of the Company as at the date of this announcement. Accordingly, the Vendor is a connected person of the Company under the Listing Rules.

Subject matter

Pursuant to the MOU, subject to the terms and conditions of the Sale and Purchase Agreement, the Vendor shall as beneficial owner sell and the Company shall purchase the Sale Shares, representing the entire issued share capital of the Target Company, with effect from Completion free from all Encumbrances and together with all rights attaching thereto, including all dividends and distributions declared, made or paid.

Consideration

The total consideration for the sale and purchase of the Sale Shares and the payment manner will be determined after arm's length negotiations between the Vendor and the Company and will be set out in the Sale and Purchase Agreement.

Sale and Purchase Agreement

The Vendor and the Company shall negotiate in good faith towards one another in ensuring that the Sale and Purchase Agreement be entered into as soon as possible and in any event within three months from the date of the MOU or such later date to be agreed in writing by the parties thereto.

The Sale and Purchase Agreement shall contain representations, warranties, undertakings and indemnities to be given by the Vendor which are usual for transactions similar to the Possible Acquisition. The entering into of the Sale and Purchase Agreement is conditional upon (i) the Company being satisfied with the results of the due diligence review of the Target Company; and (ii) the approval from the SFC in relation to the change of substantial shareholder (as defined in the SFO) of the Target Company as a result of the Possible Acquisition by the Company having been obtained and not being subsequently cancelled or revoked.

The MOU shall expire upon the expiry of three months from the date of the MOU (or such later date as the Vendor and the Company may agree in writing) or upon the execution of the Sale and Purchase Agreement, whichever is earlier.

Due diligence

The Company shall and shall procure that its advisers and agents shall, forthwith upon the signing of the MOU, conduct such review of the assets, indebtedness, operations and other aspect of the Target Company as it may consider appropriate and the Vendor shall provide and procure the Target Company and its agents to provide such assistance as the Company and its advisers and agents may require in connection with such review so as to enable the review.

INFORMATION OF THE TARGET COMPANY

The Target Company was incorporated in Hong Kong with limited liability. The Target Company is a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under SFO.

REASONS FOR THE POSSIBLE ACQUISITION

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 Directors consider that the Possible Acquisition, if materialises, represents a good opportunity for the Group to expand its business into the asset management field and diversify the Group's business portfolio. Accordingly, the Directors are of the view that the terms of the MOU are fair and reasonable and the Possible Acquisition is in the interests of the Company and Shareholders as a whole.

GENERAL

The MOU does not constitute legally-binding commitment in respect of the Possible Acquisition. The Possible Acquisition is subject to, among others, the execution and completion of the Sale and Purchase Agreement. The Board wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into by the Vendor and the Company as at the date of this announcement. As such, the Possible Acquisition may or may not proceed.

If the Possible Acquisition materialises, it will constitute a notifiable and connected transaction on the part of the Company under the Listing Rules. Further announcement(s) will be made by the Company in accordance with all applicable requirements of the Listing Rules as and when appropriate.

Shareholders and investors are urged 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 shall have the following meanings:

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| “Board” | the board of 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 |
| “Completion” | completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement |
| “connected person” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Encumbrance” | any mortgage, charge, pledge, lien (otherwise than arising by statute or operation of law), hypothecation or other encumbrance, priority or security interest, deferred purchase, title retention, leasing, sale-and-purchase, sale-and-leaseback arrangement over or in any property, assets or rights of whatsoever nature or interest of any agreement for any of the same |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | 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 |

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| “MOU” | the non-legally binding memorandum of understanding dated 5 June 2020 and entered into between the Vendor and the Company setting out the preliminary understanding in relation to the Possible Acquisition |
| “Mr. Mak” | Mr. Mak Yung Pan Andrew |
| “Possible Acquisition” | the possible acquisition by the Company from the Vendor of the Sale Shares as contemplated under the MOU |
| “PRC” | the People’s Republic of China |
| “Sale and Purchase Agreement” | the formal agreement for the sale and purchase of the Sale Shares to be entered into between the Vendor and the Company |
| “Sale Shares” | 13,500,000 ordinary shares in the share capital of the Target Company, representing the entire issued share capital of the Target Company, which are legally and beneficially owned by the Vendor |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Share(s)” | share(s) of HK\$0.01 each in the share capital of the Company |
| “Shareholder(s)” | the holder(s) of issued Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | Rockpool Capital Limited (摩石資本有限公司), a company incorporated in Hong Kong with limited liability, which is wholly-owned by the Vendor as at the date of this announcement |
| “Vendor” | RPC Holdings Limited, a company incorporated in the Cayman Islands with limited liability |

“HK\$”

Hong Kong dollars, the lawful currency for the time being of Hong Kong

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

Hong Kong, 5 June 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 non-executive 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.