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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)**

**SUPPLEMENTAL ANNOUNCEMENT  
DISCLOSEABLE AND CONNECTED TRANSACTION  
IN RELATION TO ACQUISITION OF PROPERTY  
INVOLVING ISSUE OF PERPETUAL SUBORDINATED  
CONVERTIBLE SECURITIES**

Reference is made to the announcement (the “**Announcement**”) of the Company dated 21 October 2021 in relation to the Acquisition. Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

**SETTLEMENT OF THE CONSIDERATION**

The Company wishes to inform the Shareholders that on 25 November 2021 (after trading hours), the Purchaser, the Company and the Vendor entered into a supplemental agreement, pursuant to which it is agreed that the Consideration shall be satisfied by the issue of the PSCS in the principal amount of HK\$10 million and the Convertible Bond in the principal amount of HK\$20 million instead of fully satisfied by the issue of the PSCS.

\* For identification purposes only

## THE CONVERTIBLE BOND

Principal terms of the Convertible Bond are arrived at after arm's length negotiations between the Purchaser and the Vendor are summarised as follows:

Issuer:	the Company
Issue Price:	100% of the principal amount
Principal Amount:	HK\$20.0 million
Conversion Price:	HK\$0.35 per CB Conversion Share, subject to adjustments
Maturity Date:	the date falling on the day being the fifth anniversary of the CB Issue Date
Interest:	0.5%
Redemption:	<p>At any time prior to the Maturity Date, the Company may, by giving to the Bondholder not less than ten (10) Business Days' written notice of its intention to make such redemption, redeem the Convertible Bond in whole or in part (in the minimum amount of HK\$1,000,000 or an integral multiple thereof) plus interest accrued thereon up to the actual date of redemption.</p> <p>Unless previously redeemed, converted or purchased and cancelled, the Company shall redeem the Convertible Bond on the Maturity Date at the redemption amount which is the principal amount of the Convertible Bond outstanding, plus interest accrued thereon up to the actual date of redemption.</p>
CB Conversion Rights:	<p>a Bondholder shall have the right on any Business Day during the CB Conversion Period to convert the whole or any part (in minimum amount of HK\$1,000,000 or an integral multiple thereof) of the outstanding principal amount of his Convertible Bond into Shares at the Conversion Price per Share subject to adjustments. The Shares shall be allotted and issued in the name of the Bondholder or such other person (who is not a connected person of the Company) as it may specify in the conversion notice and shall be delivered to the Bondholder or such other person within five Business Day after the date of presentation of the relevant original CB Certificate.</p>

CB Conversion Restrictions: the Bondholder shall not exercise any CB Conversion Rights to the extent that immediately after such conversion (i) the Bondholder together with parties acting in concert with it, taken together, will, directly or indirectly, control or be interested in 30% or more of the voting rights of the Company (or in such percentage as may from time to time be specified in the Takeovers Code being the level for triggering a mandatory general offer) or otherwise, such that a general offer shall be given in accordance with the requirement of the Takeovers Code or where applicable, waiver from the shareholders of the Company has been obtained in accordance with the Takeovers Code; or (ii) there will not be sufficient public float of the Shares as required under the Listing Rules, unless prior approval or waiver has been obtained from the Stock Exchange for such purposes and where any conditions to which such approval or waiver is subject are duly complied with.

Transferability: the Convertible Bond or any part(s) thereof may be assigned or transferred to any third party, subject to compliance of conditions stated in the CB Instrument as well as the conditions, approvals, requirements and any other provisions of or under the Stock Exchange or their rules and regulations and all applicable laws and regulations provided that the Convertible Bond (or any part thereof) shall not be assigned or transferred to a connected person of the Company without prior written consent of the Company.

Ranking: Shares issued upon conversion shall rank *pari passu* in all respects with all other existing Shares at the date of the conversion notice and be free from any security interest, claims (including pre-emptive rights), liens or encumbrances and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of the conversion notice.

Adjustment Events: the Conversion Price shall be subject to adjustments upon occurrence of the following: (a) consolidation or subdivision; (b) capitalisation of profits or reserves; (c) capital distribution; (d) rights issues of Shares or rights to acquire Shares; (e) rights issue of other securities; (f) issues at less than current market price; (g) issues of convertible securities; (h) modification of rights of conversion etc; (i) other offers to Shareholders; (j) issue Shares for the acquisition of any asset at a total Effective Consideration per Share which is less than 90% of the market price as at the date of the announcement of the terms of such issue; (k) an issue of Shares by way of a Scrip Dividend where the current market price of such Shares on the date of issue of such Shares or if a record date is fixed for such Scrip Dividend, on such record date exceeds 110 per cent. Of the amount of the Relevant Cash Dividend or the relevant part thereof and which would not have constituted a Capital Distribution; and (l) when the Company or the Bondholder determines that an adjustment should be made.

## **CONVERSION RIGHTS AND CB CONVERSION RIGHTS**

Assuming the exercise in full of the Conversion Rights attaching to the PSCS and the CB Conversion Rights attaching to the Convertible Bond at the Conversion Price, a total of 85,710,000 Shares (rounded down to the nearest board lot of 5,000 Shares as per the Deed Poll and the CB Instrument), comprising 28,570,000 Conversion Shares and 57,140,000 CB Conversion Shares, may be issued. The 85,710,000 Shares represents approximately 8.49% of the existing issued share capital of the Company and approximately 7.83% of the issued share capital of the Company as enlarged by the conversion of the PSCS and the Convertible Bond. The details of the shareholdings are set out in the paragraph headed “Effects on the shareholding structure of the Company” below.

## **FINANCIAL EFFECT OF THE ACQUISITION**

Immediately upon the Completion, the net assets of the Group would increase by approximately HK\$14.5 million. Also, the annual cashflow of the Group would improve by approximately HK\$790,000, being the net effect of the saving in rental expenses and interests of the PSCS and Convertible Bond. Furthermore, the gearing ratio of the Group, being total loans and borrowings divided by the total equity at the respective date, would decrease slightly from approximately 140.2% as at 30 June 2021 to approximately 138.9% as a result of the increase in assets partially offset by the recognition of the Convertible Bond as a liability of the Group.

## EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately upon full conversion of the PSCS; and (iii) immediately upon full conversion of both the Convertible Bond and the PSCS:

	As at the Latest Practicable Date		Immediately upon full conversion of the PSCS into Conversion Shares as enlarged by such conversion		Immediately upon full conversion of both the PSCS and Convertible Bond as enlarged by such conversions	
	<i>Approximate</i>		<i>Approximate</i>		<i>Approximate</i>	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
Best Sheen	750,000,000	74.29	750,000,000	72.24	750,000,000	68.48
The Vendor	–	–	28,570,000 <i>(Note 1)</i>	2.76	85,710,000 <i>(Note 1)</i>	7.83
<b>Sub-total</b>	750,000,000	74.29	778,570,000	75.00 <i>(Note 2)</i>	835,710,000	76.30 <i>(Note 2)</i>
Public Shareholders	259,550,000	25.71	259,550,000	25.00	259,550,000	23.70
<b>Total</b>	<u>1,009,550,000</u>	<u>100</u>	<u>1,038,120,000</u>	<u>100</u>	<u>1,095,260,000</u>	<u>100</u>

Notes:

1. Rounded down to the nearest board lot of 5,000 Shares as per the Deed Poll and the CB Instrument.
2. According to the conversion restrictions under the Deed Poll and the CB Instrument, no Conversion Rights or CB Conversion Rights shall be exercised if there will not be sufficient public float (i.e. 25%) of the Shares required under the Listing Rules.

## GENERAL

A circular containing, amongst other things, (i) further information of the Acquisition and the PSCS and the Convertible Bond; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in relation to the Acquisition (including the issue of the PSCS and the Convertible Bond); (iii) the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition (including the issue of the PSCS and the Convertible Bond); and (iv) a notice of the EGM, is expected to be despatched to the Shareholders as soon as practicable.

This supplemental announcement is supplemental to and should be read in conjunction with the Announcement. All other information and content set out in the Announcement remain unchanged and shall continue to be valid for all purposes.

**Completion is subject to the fulfillment and/or waiver (as the case may be) of the conditions set out in the Agreement and Supplemental Agreement and therefore may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

In this announcement, unless the contents require otherwise, the following expressions have the following meanings:

“Bondholder”	the person who is for the time being the holder of the Convertible Bond
“CB Certificate(s)”	a certificate to be issued in respect of the Convertible Bond
“CB Conversion Period”	the period commencing from the issue date of the Convertible Bond up to and including the date falling on the seventh (7th) day immediately prior to the Maturity Date
“CB Conversion Rights”	rights to convert the outstanding principal amount of the Convertible Bond into CB Shares pursuant to the CB Instrument
“CB Conversion Shares”	shares to be issued by the Company upon exercise of the CB Conversion Rights attaching to the Convertible Bond
“CB Instrument”	the deed poll to be executed by the Company in relation to the Convertible Bond
“Conversion Period”	the period commencing from the issue date of the Convertible Bond up to and including the date falling on the seventh (7th) day immediately prior to the Maturity Date
“Conversion Price”	the conversion price of HK\$0.35 per Conversion Share initially subject to adjustments pursuant to the Deed Poll and CB Instrument
“Convertible Bond”	the convertible bond in the principal amount of HK\$20.0 million to be issued by the Company to the Vendor or its nominee(s)

“Maturity Date”	the date falling on the day being the fifth (5th) anniversary of the issue date of the Convertible Bond or if that is not a Business Day, the first Business Day thereafter
“PSCS”	the perpetual subordinated convertible securities in the principal amount of HK\$10.0 million to be issued by the Company to the Vendor and/or its nominee(s)
“Relevant Cash Dividend”	any cash dividend specifically declared by the Company
“Scrip Dividend”	any Shares issued in lieu of the whole or any part of any Relevant Cash Dividend being a dividend which the Shareholders concerned would or could otherwise have received and which would not have constituted a capital distribution
“Supplemental Agreement”	the agreement dated 25 November 2021 entered into among the Vendor as vendor, the Purchaser as purchaser and Company as issuer in respect of the Acquisition

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

Hong Kong, 25 November 2021

*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.*