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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)**

**FURTHER VARIATION TO THE TERMS OF  
MEMORANDUM OF UNDERSTANDING  
IN RELATION TO FORMATION OF JOINT VENTURE COMPANY**

This announcement is made by the Company pursuant to Rule 13.09(2) of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

Reference is made to (i) the announcement of the Company dated 28 November 2018 (the “**Announcement**”) in relation to, among others, the entering into of the non-legally binding Memorandum of Understanding for the establishment of the JV Company, and (ii) the announcement of the Company dated 2 July 2019 in relation to the Supplemental MOU for amending and/or supplementing the Memorandum of Understanding (the “**Second Announcement**”). Capitalised terms used herein shall have the same meanings as those defined in the Announcement and the Second Announcement, unless otherwise specified.

As the Parties require additional time to negotiate and finalise the terms in relation to, among others, the structure of the formation of the JV Company including the proposed transfer of Distributorship Rights, on 31 July 2019, the Parties entered into the second supplemental memorandum of understanding to further amend certain terms of the Memorandum of Understanding (as amended and supplemented by the Supplemental MOU) (the “**Second Supplemental MOU**”), pursuant to which the Parties agreed that:

- (a) the expiry date of the Exclusivity Period shall be extended from 31 July 2019 to 31 August 2019;
- (b) AVT International shall pay a second earnest deposit of US\$1.0 million (the “**Second Earnest Deposit**”) within five business days from the date of execution of the Second Supplemental MOU;
- (c) the Earnest Deposit and the Second Earnest Deposit shall be utilised as part of the payment of the consideration if a formal agreement is entered into;

\* For identification purpose only

- (d) if (i) a formal agreement or similar legal document for the proposed transaction is not then entered into on or before 31 August 2019 (or before such other date as agreed by the Parties in writing), or (ii) the JV Partner receives a written notice from AVT International stating that it is not satisfied with the result of the due diligence review on the Distributorship Rights, whichever is earlier, the Memorandum of Understanding as amended and supplemented by the Supplemental MOU and the Second Supplemental MOU and the transactions contemplated thereunder shall be terminated (the “**Termination**”), and the JV Partner shall refund the Earnest Deposit and the Second Earnest Deposit to AVT International without interest within five business days from the date of the Termination;
- (e) in the event that the Earnest Deposit and the Second Earnest Deposit are not refunded to AVT International within five business days from the date of the Termination, the JV Partner shall pay interest at a monthly rate of 1%, counting from the receipt of the Earnest Deposit by the JV Partner. If the JV Partner does not refund the Earnest Deposit and the Second Earnest Deposit to AVT International after 60 days from the date of the Termination, the JV Partner shall pay interest at a monthly rate of 2% thereafter; and
- (f) the Guarantors shall guarantee the repayment of the Earnest Deposit and the Second Earnest Deposit and interest thereof by the JV Partner.

Save for the aforesaid, all other terms of the Memorandum of Understanding (as amended and supplemented by the Supplemental MOU) shall remain unchanged.

The Board considers that the entering into of the Second Supplemental MOU is beneficial to the Group, as the Group is able to continue securing the exclusive right to negotiate with the JV Partner for the proposed transfer of Distributorship Rights which, if it materialises, would allow the Group to widen its product portfolio and customer base, with the option of receiving full refund of the Earnest Deposit and the Second Earnest Deposit if the Group is not satisfied with the result of the due diligence review. As such, the Board is of the view that the entering into of the Second Supplemental MOU is in the interests of the Company and its shareholders as a whole.

**As no legally binding agreement in relation to the formation of the JV Company and the transfer of the Distributorship Rights has been entered into as at the date of this announcement, the formation of the JV Company and the transfer of the Distributorship Rights may or may not proceed. Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.**

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

Hong Kong, 1 August 2019

*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.*