

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.

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)

DISCLOSEABLE TRANSACTION

ACQUISITION OF 60% OF ISSUED SHARES IN THE TARGET COMPANY

BACKGROUND

Reference is made to the announcements of the Company dated 7 November 2019 and 6 August 2020 in respect of the Memorandum of Understanding in relation to the acquisition of 60% of equity interest in Shanghai Goodcome from the Vendor. After several months of discussion and negotiation between the parties, the Reorganisation was completed on 21 August 2020 subsequent to which Shanghai Goodcome becomes an indirect wholly-owned subsidiary of the Target Company, which is in turn directly and wholly owned by the Vendor. It is agreed that the Purchaser, a direct wholly-owned subsidiary of the Company, will acquire 60% of issued shares in the Target Company instead of 60% of equity interest in Shanghai Goodcome.

THE SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on 18 September 2020, the Purchaser entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares at the Consideration of RMB40,000,000 (equivalent to HK\$44,000,000).

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Sale and Purchase Agreement exceeds 5% but is less than 25%, the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Rule 14.33 of the Listing Rules.

BACKGROUND

Reference is made to the announcements of the Company dated 7 November 2019 and 6 August 2020 in respect of the Memorandum of Understanding in relation to the acquisition of 60% of equity interest in Shanghai Goodcome from the Vendor. After several months of discussion and negotiation between the parties, the Reorganisation was completed on 21 August 2020 subsequent to which Shanghai Goodcome becomes an indirect wholly-owned subsidiary of the Target Company, which is in turn directly and wholly owned by the Vendor. It is agreed that the Purchaser, a direct wholly-owned subsidiary of the Company, will acquire 60% of issued shares in the Target Company instead of 60% of equity interest in Shanghai Goodcome.

The Board is pleased to announce that on 18 September 2020, the Purchaser entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares at the Consideration of RMB40,000,000 (equivalent to HK\$44,000,000).

THE SALE AND PURCHASE AGREEMENT

The principal terms of the Sale and Purchase Agreement are set out below:

Date : 18 September 2020

Parties : (1) Shen Yemeng, being the Vendor; and
(2) Jumbo Fame Investments Limited, being the Purchaser.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor is a third party independent of the Company and connected persons of the Company.

Subject : Pursuant to the Sale and Purchase Agreement, the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares, representing 60% of issued shares in the Target Company as at the date of this announcement and as at Completion, subject to and in accordance with the terms of the Sale and Purchase Agreement.

Consideration : The consideration for the sale and purchase of the Sale Shares shall be RMB40,000,000 (equivalent to HK\$44,000,000), which was satisfied or shall be satisfied in the following manner:

(1) as to the Refundable Deposit of RMB10,000,000 (equivalent to HK\$11,000,000) paid, for and on behalf of the Purchaser, by an indirect wholly-owned subsidiary of the Company to the Vendor pursuant to the Memorandum of Understanding, which is deemed to be part payment of the Consideration; and

- (2) the balance of RMB30,000,000 (equivalent to HK\$33,000,000) of the Consideration shall be payable by the Purchaser (or its nominee) to the Vendor by way of cheque or bank transfer upon Completion.

The Consideration was determined based on arm's length negotiations between the Vendor and the Purchaser with reference to, among others, the Valuation.

Conditions precedent : Completion shall be conditional in all respects upon fulfilment (or waiver) of the following Conditions:

- (1) the Purchaser having completed the due diligence review of the Target Group and its assets and other affairs as determined by the Purchaser and the results of such review being satisfactory to the Purchaser in its absolute discretion;
- (2) the Transfer of Business from the Target Business Company to the Target Group having been duly and validly completed in all respects and in accordance with all applicable laws;
- (3) all necessary governmental and regulatory approvals, consents, waivers, authorisation, registrations, filings and compliance with all the requirements under the Listing Rules and other applicable laws and regulations in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and not revoked prior to Completion;
- (4) all necessary consents, waivers and/or authorisations from any relevant third parties (where applicable) in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained and not revoked prior to Completion;
- (5) the representations, warranties and undertakings given or made by the Vendor under the Sale and Purchase Agreement having remained true and accurate and not misleading in any material respect as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the Completion Date; and
- (6) the representations, warranties and undertakings given or made by the Purchaser under the Sale and Purchase Agreement having remained true and accurate and not misleading in any material respect as if repeated at Completion and at all times between the date of the Sale and Purchase Agreement and the Completion Date.

The Purchaser may in its absolute discretion at any time waive Condition (5) by notice in writing to the Vendor, whereas the Vendor may in her absolute discretion at any time waive Condition (6) by notice in writing to the Purchaser. Conditions (1), (2), (3) and (4) cannot be waived by any party.

If any of the Conditions have not been satisfied or waived by the Purchaser or the Vendor (as the case maybe) on or before 5:00 p.m. on the Long Stop Date:

- (1) the Vendor shall, within three (3) Business Days from the Long Stop Date, return the Refundable Deposit to the Purchaser (or its nominee), and the Vendor shall pay the Purchaser an interest at the interest rate of 1% per month for any late refund of the Refundable Deposit within sixty (60) days, or an interest at the interest rate of 2% per month for any late refund over sixty (60) days;
- (2) the Sale and Purchase Agreement will terminate immediately and shall be of no further effect thereafter;
- (3) all the rights, obligations and liabilities of the parties under the Sale and Purchase Agreement will cease and determine (save for any antecedent rights and obligations of the parties already accrued before the termination); and
- (4) no party shall have any claim against any of the other parties, except in respect of claims arising out of any antecedent breach of any of the provisions of the Sale and Purchase Agreement.

Completion : Subject to the fulfillment (or waiver) of all the Conditions, Completion shall take place on the Completion Date.

Upon Completion, the Target Company will be owned as to 60% by the Purchaser and as to 40% by the Vendor. Therefore, the Company will, through its direct wholly-owned subsidiary, the Purchaser, be interested in 60% of issued shares in the Target Company. The Target Company will become an indirect non wholly-owned subsidiary of the Company and the results of the Target Group will be consolidated into the financial statements of the Group.

THE SHAREHOLDERS' AGREEMENT

Pursuant to the Sale and Purchase Agreement, the Purchaser, the Vendor and the Target Company will enter into the Shareholders' Agreement upon Completion. The principal terms of the Shareholders' Agreement are set out below:

Board composition : The affairs of the Target Company shall be managed by its board of directors which comprises not less than five (5) directors, out of which three (3) directors shall be nominated by the Purchaser and two (2) directors shall be nominated by the Vendor. The chairman of the board of directors shall be appointed by the Purchaser.

Matters requiring unanimous consent : No action or decision shall be taken by the Target Company in relation to the following matters, among others, without the prior approval of all shareholders and/or directors of the Target Company (as the case maybe):

- (1) any amendment to the memorandum or the bylaws of the Target Company or any provision of the Shareholders' Agreement;
- (2) any change of the total number of directors;
- (3) increasing or reducing the authorised capital;
- (4) any amalgamation, reconstruction, consolidation, voluntary liquidation or winding-up;
- (5) any consolidation, sub-division or alteration of any share capital or any rights attached to any share capital, the issue or creation of any shares, options, warrants or debentures or other securities convertible into shares or debentures of interests;
- (6) any material change in the nature or scope of the business operation (including any commencement or cessation of any kind of business);
- (7) matters relating to the initial public offering of its shares;
- (8) any adoption, approval, alteration, variation or termination of any employee share option scheme;
- (9) acquiring or disposing of any assets or conducting any investment activities;
- (10) borrowing or lending of any money or giving of any guarantee, indemnity, pledge or security;

- (11) entering into transaction with any shareholder or director of the Target Company or any company of which any shareholder or director of the Target Company or his/her family member or other related party of the Target Company, directly or indirectly holds, individually or together, 30% or more of the voting power at its general meetings (other than any intra-group transactions); and
- (12) any sale, transfer, lease, licence or any other disposal by the Target Company of any of its intellectual property rights such as trademark, patent, copyright or brand name (other than in the ordinary course of business).

- Dividend policy : The Target Company shall, subject to its financial condition and current and projected cash requirements, distribute its net profits to its shareholders by way of dividends in proportion to their respective equity proportion in the issued shares in the Target Company (after setting aside funds equivalent to the total amount of all shareholders' loan and third parties' indebtedness) provided that such amount of dividend to be distributed shall be no more than 30%, or such other percentage as the board of directors of the Target Company may determine, of the distributable net profits of the relevant financial year.
- Right of first offer : If any shareholder of the Target Company proposes to sell any of its shares in the Target Company, the non-selling shareholder(s) of the Target Company shall have a right of first offer to purchase such shares of the Target Company for the same consideration per share and on the same terms and conditions.
- Tag-along rights : If any shareholder of the Target Company proposes to sell any of its shares in the Target Company, the non-selling shareholder(s) holding at least 50% of the outstanding shares at the relevant time shall have the right to participate in the sale by selling certain part of its shares in the Target Company for the same consideration per share and on the same terms and conditions.
- Funding : If the internal cash flow of the Target Company together with any third party borrowings are insufficient to meet its funding requirements, the Target Company shall request its shareholders to advance funds by way of shareholders' loan or equity on a pro rata basis according to their equity proportions in the issued shares in the Target Company. It is agreed that:
- (1) the funds advanced by any shareholders for an amount up to RMB20,000,000 (equivalent to HK\$22,000,000) on an accumulated basis shall be interest-free; and
 - (2) in the event that the amount of the funds advanced by any shareholders exceeds RMB20,000,000 (equivalent to HK\$22,000,000) on an accumulated basis, the Target Company shall pay an interest at the rate of 1% per month to such shareholder for any amount exceeding such threshold.

DEED OF INDEMNITY

Pursuant to the Sale and Purchase Agreement, upon Completion, the Vendor shall enter into a Deed of Indemnity in favour of the Purchaser, the Company and the Target Company regarding certain indemnities in relation to, among others, tax and other liabilities incurred by the Target Group prior to Completion or after Completion but in respect of any act or omission by the Vendor, the Target Company or the Target Group prior to Completion.

INFORMATION ON THE GROUP, THE TARGET GROUP AND THE TARGET BUSINESS COMPANY

The Group

The Company is an investment holding company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange. The Purchaser is a company established in the British Virgin Islands with limited liability and is an investment holding company. The Group is principally engaged in the distribution of semiconductor and other electronic components.

The Target Group

The Target Company is incorporated in the Marshall Islands in December 2019 with limited liability and principally engaged in investment holding. As at the date of this announcement, the Target Company holds the entire equity interest in Shanghai Zhongxuanwei, a company established in the PRC in March 2020 with limited liability. Shanghai Zhongxuanwei is principally engaged in investment holding and in turn holds the entire equity interest in Shanghai Goodcome, a company established in the PRC in November 2006 with limited liability. Shanghai Goodcome is principally engaged in electronic components distribution for segments including industrial automation, electricity system and metering, automotive, new energy and consumer electronics in the PRC. Shanghai Goodcome holds the entire issued share capital of Goodcome HK, a company incorporated in Hong Kong in March 2020 with limited liability. Goodcome HK intends to be engaged in electronic components distribution in Hong Kong.

Since there has been no material operation after the recent incorporation and/or establishment of the Target Company, Shanghai Zhongxuanwei and Goodcome HK, no financial data of them is available as at the date of this announcement. Shanghai Goodcome has not commenced operation or business since its establishment until year 2019.

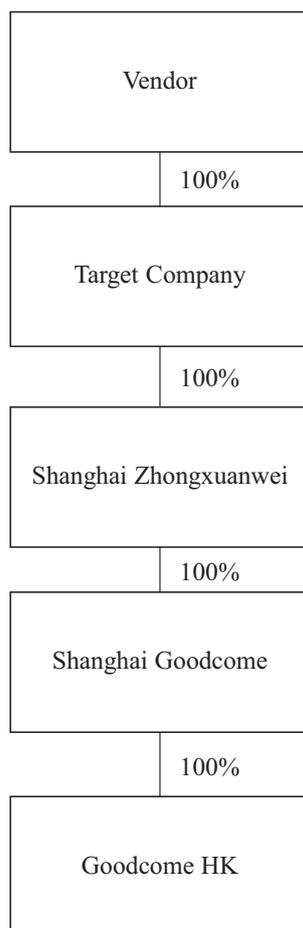
Set out below is the financial information of Shanghai Goodcome for the two financial years ended 31 December 2018 and 31 December 2019:

	For the year ended 31 December	
	2018	2019
	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	–	383
Profit after taxation	–	363

As at 30 June 2020, the unaudited net asset value of Shanghai Goodcome was approximately RMB4,400,000.

Structure of the Target Group

The following chart shows the structure of the Target Group as at the date of this announcement:



The Target Business Company

The Target Business Company is a company established in the PRC with limited liability and is principally engaged in electronic components distribution for segments including industrial automation, electricity system and metering, automotive, new energy and consumer electronics in the PRC. The Target Business Company is beneficially and jointly owned by the Vendor and an independent third party of the Company.

Set out below is the financial information of the Target Business Company for the two financial years ended 31 December 2018 and 31 December 2019:

	For the year ended 31 December	
	2018	2019
	(audited)	(audited)
	RMB'000	RMB'000
Profit before taxation	1,262	67
Profit after taxation	1,281	81

As at 30 June 2020, the unaudited net asset value of the Target Business Company was approximately RMB41,000,000.

As at the date of this announcement, the Transfer of Business from the Target Business Company to the Target Group is in progress.

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALE AND PURCHASE AGREEMENT

The Group is a semiconductor and other electronic components distributor and its customers are primarily market players in the technology, media and telecommunications sector in the PRC and Hong Kong. Since the commencement of business, the Group has been focusing on identifying, sourcing, selling and distributing quality electronic components produced by manufacturers. The Board believes that the Acquisition allows the Group to widen its product portfolio to satisfy the requirements of its existing customers and its customer base in the rapidly changing and advancing electronic component distribution market, in turn to enhance the Group's business and financial performance.

The terms of the Sale and Purchase Agreement were arrived at after arm's length negotiations between the parties to the Sale and Purchase Agreement. The Directors (including the independent non-executive Directors) consider that the Acquisition and the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

THE VALUATION AND LETTERS FROM THE REPORTING ACCOUNTANTS AND THE FINANCIAL ADVISER

The Valuation has been prepared by the Valuer. According to the Valuation, the fair value of the Target Business was reasonably stated at RMB67,000,000 as at the valuation date of 30 June 2020 (60% of which being RMB40,000,000). The Valuation has adopted the income approach using the discounted cash flow method in valuing the Target Business. As such, the Valuation constitutes a “profit forecast” under Rule 14.61 of the Listing Rules. Rule 14.62 of the Listing Rules is hence applicable.

The principal assumptions, including commercial assumptions, on which the Valuation has been based, are as follows:

- (i) the information provided and the representations made by the Company with regard to the financial and business affairs in relation to the Target Group and the Target Business Company are accurate and reliable;
- (ii) the Transfer of Business from the Target Business Company to the Target Group will be duly and validly completed in all respects and in accordance with all applicable laws;
- (iii) the Target Group will continue to operate as a going concern and has sufficient liquidity and capability to achieve the business development;
- (iv) the Target Group has obtained all necessary permits, business certificates, licences and legal approvals to operate its business and all relevant permits, business certificates, licences and legal approvals to operate the business in the localities in which the Target Group operates or intends to operate would be officially obtained and renewable upon expiry with de minimis expenses;
- (v) there will be sufficient supply of technical staff in the industry in which the Target Group operates or intends to operate, and the Target Group will retain competent management, key personnel and technical staff to support its ongoing operations and developments;
- (vi) there will be no major changes in the current taxation laws in the localities in which the Target Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- (vii) there will be no major changes in the political, legal, economic or market conditions in the localities in which the Target Group operates or intends to operate, which would adversely affect the profitability and the revenue attributable to the Target Group;
- (viii) there will be no material changes in the relevant interest rates and exchange rates that would have material impact the Target Group’s businesses; and
- (ix) there are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business and as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the value of the Target Group as of the date of the Valuation.

Graham H. Y. Chan & Co., the Reporting Accountants, has reviewed the calculations of the discounted future estimated cash flows of the Target Business, which does not involve the adoption of accounting policies, in which the Valuation was based. The Board has reviewed the above principal assumptions and confirmed that the forecast has been made after due and careful enquiry. The report from the Reporting Accountants is included in Appendix I to this announcement as required under Rule 14.62 of the Listing Rules.

On the basis of the foregoing, the Financial Adviser, VBG Capital Limited, is satisfied that the forecast has been made by the Company after due and careful enquiry. A letter from the Financial Adviser is included in Appendix II to this announcement as required under Rule 14.62 of the Listing Rules.

The following are the qualifications of the experts who have given their opinion and advice included in this announcement:

Name	Qualification
Graham H. Y. Chan & Co.	Certified Public Accountants
Ravia Global Appraisal Advisory Limited	Independent professional valuer
VBG Capital Limited	A corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Valuer, the Reporting Accountants and the Financial Adviser is a third party independent of the Company and connected persons of the Company.

As at the date of this announcement, none of the Valuer, the Reporting Accountants or the Financial Adviser has any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group. In addition, each of them does not have any direct or indirect interest in any assets which have since 31 December 2019 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Each of the Valuer, the Reporting Accountants and the Financial Adviser has given and has not withdrawn its written consent to the publication of this announcement with the inclusion of its letter and all references to its name (including its qualifications) in the form and context in which it is included.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the transactions contemplated under the Sale and Purchase Agreement exceeds 5% but is less than 25%, the entering into of the Sale and Purchase Agreement and the transactions contemplated thereunder constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under Rule 14.33 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless context otherwise requires:

“Acquisition”	the acquisition of the Sale Shares by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are open for business in the ordinary course, other than public holidays, Saturdays and Sundays
“Company”	Apex Ace Holding Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the main board of the Stock Exchange (stock code: 6036)
“Completion”	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	2 November 2020, or such other date as may be agreed by the parties to the Sale and Purchase Agreement in writing
“Condition(s)”	the condition(s) precedent to Completion pursuant to the Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration in the total amount of RMB40,000,000 (equivalent to HK\$44,000,000) for the Acquisition
“Deed of Indemnity”	the deed of indemnity to be entered into by the Vendor in favour of the Purchaser, the Company and the Target Company at Completion
“Director(s)”	the director(s) of the Company

“Financial Adviser”	VBG Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance
“Goodcome HK”	Goodcome Microelectronic Technology (HK) Co., Limited (格州微電子技術(香港)有限公司), a company incorporated in Hong Kong with limited liability and a direct wholly-owned subsidiary of Shanghai Goodcome
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Long Stop Date”	30 November 2020 or such other date as may be agreed by the parties to the Sale and Purchase Agreement in writing
“Memorandum of Understanding”	the memorandum of understanding dated 7 November 2019 (as amended and supplemented by the supplemental memorandum of understanding dated 6 August 2020) entered into by, among others, the Vendor and the Purchaser
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China which, for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchaser”	Jumbo Fame Investments Limited (巨名投資有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Refundable Deposit”	the deposit in the amount of RMB10,000,000 (equivalent to HK\$11,000,000) paid, for and on behalf of the Purchaser, by an indirect wholly-owned subsidiary of the Company to the Vendor as refundable deposit pursuant to the Memorandum of Understanding

“Reorganisation”	a reorganisation conducted by the Vendor and the Target Group such that upon its completion, the Vendor holds 100% of issued shares in the Target Company, which in turn holds 100% of equity interest in Shanghai Zhongxuanwei, which in turn holds 100% of equity interest in Shanghai Goodcome, which in turn holds 100% of issued shares in Goodcome HK
“Reporting Accountants”	Graham H. Y. Chan & Co., Certified Public Accountants
“RMB”	Renminbi, the lawful currency of the PRC
“Sale and Purchase Agreement”	the Sale and Purchase Agreement dated 18 September 2020 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Shares
“Sale Shares”	30,000 shares in the Target Company, representing 60% of issued shares in the Target Company as at the date of this announcement and as at Completion
“Shanghai Goodcome”	Shanghai Goodcome Electronics Technology Limited Company* (上海格州微電子技術有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of Shanghai Zhongxuanwei
“Shanghai Zhongxuanwei”	Shanghai Zhongxuanwei Electronics Technology Limited Company* (上海仲宣微電子科技有限公司), a company established in the PRC with limited liability and a direct wholly-owned subsidiary of the Target Company
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Shareholders’ Agreement”	the shareholders’ agreement to be entered into among the Vendor, the Purchaser and the Target Company at Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Business”	the business to be engaged in by the Target Group after the completion of the Transfer of Business
“Target Business Company”	Shanghai Getsoon Electronics Shares Limited Company* (上海格州電子股份有限公司), a company established in the PRC with limited liability and is beneficially and jointly owned by the Vendor and an independent third party of the Company
“Target Company”	Dream Venus Ltd, a company incorporated in the Marshall Islands with limited liability, which is wholly owned by the Vendor

“Target Group”	the Target Company, Shanghai Zhongxuanwei, Shanghai Goodcome and Goodcome HK
“Transfer of Business”	the transfer of business of the Target Business Company, including but not limited to its assets, its human resources, its intellectual property rights, its customers base and suppliers base, and its responsibilities, rights and interests in all the transactions with its existing and potential new customers and suppliers, to the Target Group
“Valuation”	the valuation of the Target Business as at 30 June 2020 by the Valuer under the income approach using the discounted cash flow method
“Valuer”	Ravia Global Appraisal Advisory Limited, an independent professional valuer
“Vendor”	Ms. Shen Yemeng (沈葉夢)
“%”	per cent.

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

Hong Kong, 18 September 2020

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.

For the purpose of this announcement, unless otherwise indicated, the conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 = HK\$1.10. Such rate is for the purpose of illustration only and does not constitute a representation that any amount in question in RMB or HK\$ has been or could have been or may be converted at such or another rate or at all.

* *For identification purpose only*

APPENDIX I — REPORT FROM THE REPORTING ACCOUNTANTS



GRAHAM H. Y. CHAN & CO.

CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

HONG KONG

Rooms 3719–26, 37/F.,
Sun Hung Kai Centre,
30 Harbour Road,
Wanchai,
Hong Kong

**ASSURANCE REPORT FROM REPORTING ACCOUNTANTS ON
THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH
FLOWS IN CONNECTION WITH THE VALUATION OF
BUSINESS ENGAGED IN BY SHANGHAI GOODCOME ELECTRONICS
TECHNOLOGY LIMITED COMPANY* (上海格州微電子技術有限公司) AND
SHANGHAI GETSOON ELECTRONICS SHARES LIMITED COMPANY*
(上海格州電子股份有限公司) (THE “TARGET BUSINESS”)**

TO THE BOARD OF DIRECTORS OF APEX ACE HOLDING LIMITED

We refer to the discounted future estimated cash flows on which the valuation (the “**Valuation**”) dated 18 September 2020 prepared by Ravia Global Appraisal Advisory Limited in respect of the fair value of the Target Business as at 30 June 2020 is based. The Valuation is in connection with the acquisition of 60% of issued shares in Dream Venus Ltd (the “**Target Company**”) by Apex Ace Holding Limited (the “**Company**”) as set out in the Company’s announcement dated 18 September 2020. The Valuation, based on the discounted future estimated cash flows, is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors’ Responsibilities

The directors of the Company (the “**Directors**”) are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements* issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants’ Responsibilities

Our responsibility is to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows used in the Valuation. The discounted future estimated cash flows do not involve the adoption of accounting policies.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future estimated cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other Matters

We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Business or an expression of an audit or review opinion on the Valuation.

The discounted future estimated cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Further, since the discounted future estimated cash flows relates to the future, actual results are likely to be different from the discounted future estimated cash flows because events and circumstances frequently do not occur as expected, and the differences may be material. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

** The official name of this entity is in Chinese. The English translation of the name is for identification only*

Graham H. Y. Chan & Co.
Certified Public Accountants (Practising)
Hong Kong

18 September 2020

APPENDIX II — LETTER FROM THE FINANCIAL ADVISER



建泉融資有限公司
VBG Capital Limited

18/F., Prosperity Tower
39 Queen's Road Central
Hong Kong

18 September 2020

Apex Ace Holding Limited

Units 2–3, 1/F.
Sun Cheong Industrial Building
1 Cheung Shun Street
Kowloon, Hong Kong

Attention: The Board of Directors

Dear Sirs,

We refer to the valuation prepared by Ravia Global Appraisal Advisory Limited set out in the valuation report dated 18 September 2020 as referred to in the announcement of the Company dated 18 September 2020 (the “**Announcement**”) in relation to the valuation of the Target Business as at 30 June 2020. Terms used in this letter shall have the same meanings as those defined in the Announcement unless the context otherwise requires.

The Valuation, which has been arrived at using the discounted cash flow method, is based on the cash flow forecasts (the “**Forecasts**”) provided by the management of the Company. The Forecasts are regarded as a profit forecast under Rule 14.61 of the Listing Rules. Rule 14.62 of the Listing Rules is hence applicable and we have been engaged for the purpose of reporting to you.

The assessment, review and discussion carried out by us as described in this letter are primarily based on financial, economic, market and other conditions in effect, and the information made available to us as of the date of this letter and that we have, in arriving at our views, relied on information and materials supplied to us by the Valuer and the Group and opinions expressed by, and representations of, the employees and/or management of the Valuer and the Group. We have assumed that all information, materials, opinions and/or representations so supplied, including all information, materials, opinions and/or representations referred to or contained in the Announcement, for which the Directors are solely responsible, were true, accurate, complete and not misleading at the time they were supplied or made and continued to be so up to the date of this letter and that no material fact or information has been omitted from the information and materials supplied. No representation or warranty, expressed or implied, is made by us on the accuracy, truth or completeness of such information, materials, opinions and/or representations. Circumstances could have developed or could develop in the future that, if known to us at the time of this letter, would have altered our assessment and review. In addition, the qualifications, bases and assumptions adopted by the Valuer are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Valuer and the Group.

We have reviewed the Forecasts, for which you as the Directors are solely responsible for, and have discussed with you and the Valuer the basis and assumptions adopted for the Forecasts as well as the information and materials provided by the Valuer and the Group.

While we are not reporting on the arithmetical calculations of the Forecasts or the Valuation, nor the adoption of accounting policies thereof (if applicable), we have also considered the letter issued by Graham H. Y. Chan & Co., the Reporting Accountants, dated 18 September 2020 as set out in Appendix I to the Announcement regarding the calculations upon which the Forecasts have been made.

On the basis of foregoing, we are satisfied that the Forecasts including the bases and assumptions of the Forecasts adopted by the Valuer, for which you as the Directors are solely responsible for, have been made after due and careful enquiry. However, we express no opinions on the reasonableness of the valuation methods or whether the actual cash flows would eventually be achieved in correspondence with the Forecasts. We accept no responsibilities to any other person in respect of, arising out of or in connection with our work. Our work in connection with the Forecasts has been undertaken solely in connection with Rules 14.61 and 14.62 of the Listing Rules and for no other purposes.

Yours faithfully,
For and on behalf of
VBG Capital Limited
Doris Sing
Deputy Managing Director