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**中國管業集團有限公司**  
**China Pipe Group Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00380)**

**DISCLOSEABLE TRANSACTION  
IN RELATION TO  
OFFER TO RENEWAL OF EXISTING TENANCY  
AND OFFER TO LEASE**

**OFFER TO LEASE AND OFFER TO RENEWAL OF EXISTING TENANCY**

On 23 May 2024 (after trading hours), Bun Kee, an indirect wholly-owned subsidiary of the Company, as tenant, has accepted and signed the Offer to Renewal of Existing Tenancy in respect of the Premises I and the Offer to Lease in respect of the new lease of the Premises II.

Acceptance of the offers contained in the Offer Letters to enter into the tenancy agreements shall constitute valid and binding agreements between Bun Kee and the Landlord for the renewal of letting of the Premises I and new lease of letting of the Premises II, and therefore constitutes a discloseable transaction of the Company under the Listing Rules.

**LISTING RULES IMPLICATIONS**

Pursuant to HKFRS 16, the entering into of the Offer to Renewal of Existing Tenancy and the Offer to Lease by Bun Kee as tenant will require the Group to recognize the Premises as right-of-use asset. Accordingly, the transactions contemplated under the Offer Letters will be regarded as the acquisitions of asset by the Company under the Listing Rules. The total value of right-of-use asset recognized by the Company under the Offer to Renewal of Existing Tenancy and the Offer to Lease amounted to approximately HK\$8 million.

As the highest applicable percentage ratio in respect of the acquisition of right-of-use asset recognized by the Group under the Offer Letters constitutes a discloseable transaction of the Company, and subject to the reporting and announcement requirements but is exempt from Shareholders' approval under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

On 23 May 2024 (after trading hours), Bun Kee, an indirect wholly-owned subsidiary of the Company, as tenant, has accepted and signed the Offer to Renewal of Existing Tenancy in respect of the Premises I and the Offer to Lease in respect of the new lease of the Premises II.

Acceptance of the offers contained in the Offer Letters to enter into the Tenancy Agreements shall constitute valid and binding agreements between Bun Kee and the Landlord for the renewal Existing Tenancy of letting of the Premises I and new lease of letting of the Premises II, and therefore constitutes a discloseable transaction of the Company under the Listing Rules. The principal terms of the Offer to Renewal of Existing Tenancy and the Offer to Lease are set out below:

## **OFFER TO RENEWAL OF EXISTING TENANCY**

Date of signing by Bun Kee:	23 May 2024 (after trading hours)
Parties:	Bun Kee, as tenant; and Sun Hung Kai Real Estate (Sales and Leasing) Agency Ltd, as Agent.
Landlord:	KIMROSE INVESTMENTS LIMITED
Premises:	Units Nos. 1010-1013 and 1015-1016, Level 10, Tower II, Grand Century Place, 193 Prince Edward Road West, Mongkok, Kowloon.
Usage:	For office use only.
Term:	Three years commencing on 20 April 2025 and expiring on 19 April 2028 (both days inclusive).
Total rent payable:	The total rent payable under the term pursuant to the Offer to Renewal of Existing Tenancy is approximately HK\$7.2 million, which shall be payable monthly in advance and is exclusive of air-conditioning and management charges, rates and other outgoings.
Security Deposit:	Three months' rent and air-conditioning and management charges at HK\$736,140.75, which shall be transferred and deducted from the deposit of HK\$776,506.50 made under the Existing Tenancy and the balance of the existing deposit, after deduction of all outstanding claims and charges, if any, to be credited to Bun Kee's account with the Landlord to settle any outstanding rent and charge payable by Bun Kee for the renewal term after 20 April 2025.
Rent free period:	Nil

The Landlord and Bun Kee will enter into a formal tenancy agreement in respect of the renewal of the Existing Tenancy on or before 20 June 2024.

## **OFFER TO LEASE**

Date of signing by Bun Kee:	23 May 2024 (after trading hours)
Parties:	Bun Kee, as tenant; and Sun Hung Kai Real Estate (Sales and Leasing) Agency Ltd, as agent of the Landlord.
Landlord:	KIMROSE INVESTMENTS LIMITED
Premises:	Unit No. 1017, Level 10, Tower II, Grand Century Place, 193 Prince Edward Road West, Mongkok, Kowloon.
Usage:	For office use only.
Term:	Commencing on 1 July 2024 and expiring on 19 April 2028 (both days inclusive).
Total rent payable:	The total rent payable under the term pursuant to the Offer to Lease is approximately HK\$1.7 million and is exclusive of management fee, air-conditioning charge and government rates.
Security Deposit:	Approximately HK\$136,130.25, equivalent to three months' monthly rent, air-conditioning and management charges, was paid on the signing of the Offer to Lease by Bun Kee.
Rent-free period:	1 July 2024 to 7 July 2024 (both days inclusive), but rates, air-conditioning and management charges and other outgoings to be incurred during such rent-free period will still be payable by Bun Kee.

The Landlord and Bun Kee will enter into a formal tenancy agreement in respect of the lease of the Premises II on or before 20 June 2024.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE OFFER TO RENEWAL OF EXISTING TENANCY AND OFFER TO LEASE**

Since the Existing Tenancy will expire on 19 April 2025, Bun Kee and the Landlord entered into the Offer to Renewal of Existing Tenancy in respect of the Premises I which are currently the office of Bun Kee. The renewal of the tenancy of the Premises I under the Existing Tenancy Agreement would allow Bun Kee to continue to use the Premises I and save the Group from incurring relocation expenses and administrative inconvenience.

Having considered (i) the need for additional office space to cater the increasing number of staff in the Bun Kee's office and principal place of business in Hong Kong, and (ii) various factors including the size, location and rent of the Premises II, the Company is of the view that entering into the Offer to Lease would allow the Company to expand its current office space to accommodate the operation needs of the Company. The rent, air-conditioning and management charges and other outgoings payable by Bun Kee under the tenancy agreements will be funded by internal resources of the Group.

The terms of the Offer Letters were determined after arm's length negotiations between Bun Kee and the Landlord, with reference to the prevailing market rent for properties of similar use, floor area and location and the current rent under the Existing Tenancy. Therefore, the Directors (including the independent non-executive Directors) are of the view that the Offer Letters were entered in the ordinary and usual course of business of the Group, and the terms of the Offer Letters and the transactions contemplated thereunder are on normal commercial terms after arm's length negotiations, fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF THE PARTIES**

Bun Kee is an indirect wholly-owned subsidiary of the Company and is principally engaged in trading of construction materials, mainly pipes and fittings in Hong Kong.

The Agent is principally engaged in provision of real estate agency services. The Landlord is principally engaged in property investment. To the best knowledge, information and belief of the Directors, and having made all reasonable enquiries, both the Agent and the Landlord are wholly-owned subsidiaries of Sun Hung Kai Properties Limited, the issued shares of which are listed on the Main Board of the Stock Exchange; and its ultimate beneficial owners is independent of the Company and its connected persons.

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to HKFRS 16, the entering into of the Offer to Renewal of Existing Tenancy and the Offer to Lease by Bun Kee as tenant will require the Group to recognize the Premises as right-of-use asset. Accordingly, the transactions contemplated under the Offer Letters will be regarded as the acquisitions of asset by the Company under the Listing Rules. The total value of right-of-use asset recognized by the Company under the Offer to Renewal of Existing Tenancy and the Offer to Lease amounted to approximately HK\$8 million.

As the highest applicable percentage ratio in respect of the acquisition of right-of-use asset recognized by the Group under the Offer Letters constitutes a discloseable transaction of the Company, and subject to the reporting and announcement requirements but is exempt from Shareholders' approval under Chapter 14 of the Listing Rules.

## DEFINITIONS

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

“Agent”	Sun Hung Kai Real Estate (Sales and Leasing) Agency Ltd, a company incorporated in Hong Kong with limited liability and the agent for the Landlord in relation to the leases of the Premises
“Board”	the board of Directors
“Bun Kee”	Bun Kee (International) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Company”	China Pipe Group Limited, a company incorporated in Bermuda 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
“Existing Tenancy”	The tenancy agreement dated 25 April 2022 and entered into between Bun Kee and the Landlord in respect of the lease of the Premises I from 20 April 2022 to 19 April 2025 (both days inclusive)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Landlord”	KIMROSE INVESTMENTS LIMITED
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Letters”	the Offer to Renewal of Existing Tenancy in respect of the Premises I and the Offer to Lease in respect of the new lease of the Premises II

“Offer to Lease”	the offer letter signed and issued by Bun Kee to the Agent on 23 May 2024 in respect of the new lease of the Premises II
“Offer to Renewal of Existing Tenancy”	the offer letter signed and issued by Bun Kee to the Agent on 23 May 2024 in respect of the renewal of Existing Tenancy
“Premises”	The Premises I and the Premises II
“Premises I”	Units Nos. 1010-1013 and 1015-1016, Level 10, Tower II, Grand Century Place, 193 Prince Edward Road West, Mongkok, Kowloon.
“Premises II”	Unit No. 1017, Level 10, Tower II, Grand Century Place, 193 Prince Edward Road West, Mongkok, Kowloon.
“Shareholder(s)”	holder(s) of the shares in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board  
**China Pipe Group Limited**  
**Lai Fulin**  
*Chairman*

Hong Kong, 23 May 2024

*As at the date of this announcement, the Board consists of Mr. Lai Fulin and Mr. Yu Ben Ansheng as executive directors; and Mr. Wong Yee Shuen, Wilson, Mr. Chen Wei Wen, Mr. Guan Zhiqiang and Mr. Wang Chaolong as independent non-executive directors.*