

*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.*



## **Takbo Group Holdings Limited**

**德寶集團控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8436)**

### **CONNECTED TRANSACTIONS IN RELATION TO TENANCY AGREEMENTS**

#### **CONNECTED TRANSACTIONS**

##### **Tenancy Agreements**

The Board wishes to announce that on 24 October 2023, the following agreements have been executed:

- (i) Takbo (as tenant), an indirect wholly-owned subsidiary of the Company, has entered into the New Residential Tenancy Agreement with Smart Path (as landlord) for the lease of Residential Premise for a period from 27 October 2023 to 26 October 2026 upon the expiration of the Previous Residential Tenancy Agreement on 27 October 2023;
- (ii) Takbo (as tenant), an indirect wholly-owned subsidiary of the Company, has entered into the New PRC Office Tenancy Agreement 1 with Baoma (as landlord) for the lease of PRC Office 1 for a period from 27 October 2023 to 26 October 2026 upon the expiration of the Previous PRC Office Tenancy Agreement 1 on 27 October 2023;
- (iii) Takbo (as tenant), an indirect wholly-owned subsidiary of the Company, has entered into the New PRC Office Tenancy Agreement 2 with Baoma (as landlord) for the lease of PRC Office 2 for a period from 1 January 2024 to 31 December 2026 upon the expiration of the Previous PRC Office Tenancy Agreement 2 on 31 December 2023;

- (iv) Cosbe (as tenant), an indirect wholly-owned subsidiary of the Company, has entered into the New PRC Office Tenancy Agreement 3 with Baoma (as landlord) for the lease of PRC Office 3 and PRC Office 4 for a period from 1 January 2024 to 31 December 2026 upon the expiration of the Previous PRC Office Tenancy Agreement 3 on 31 December 2023; and
- (v) Cosbe (as tenant), an indirect wholly-owned subsidiary of the Company, has entered into the New PRC Office Tenancy Agreement 4 with Baoma (as landlord) for the lease of PRC Office 5 for a period from 1 January 2024 to 31 December 2026.

In accordance with HKFRS 16 “Leases”, the Group is required to recognize an additional asset representing its right to use the properties under the above tenancy agreements, and as a result, the entering into all the above tenancy agreements and the transactions contemplated thereunder will be regarded as acquisitions of assets by the Group for the purpose of the GEM Listing Rules. The depreciation of right-of-use assets under the related tenancy agreements will be recognized as expenses of the Group over the term of the tenancy agreements.

#### **GEM LISTING RULES IMPLICATIONS**

Baoma is a company established in the PRC with limited liability and wholly-owned by Tak Bo Hong, which in turn is a partnership registered in Hong Kong jointly and severally owned by Ms. Chu Siu Fong, one of substantial shareholders through a controlled corporation holding 75% issued shares of the Company, and Mr. Or Tak Ming, the spouse of Ms. Chu Siu Fong. Baoma is therefore an associate of theirs and accordingly is a connected person of the Company within the GEM Listing Rules. Hence, the New PRC Office Tenancy Agreements 1 to 4 constitute connected transactions of the Company under the GEM Listing Rules.

Smart Path is a limited liability company incorporated in Hong Kong and owned in equal shares by Mr. Or Naam and Ms. Chan Hoi Yan Polly, both are executive Directors and controlling Shareholders of the Company. Smart Path is therefore an associate of theirs and accordingly is a connected person of the Company within the GEM Listing Rules. Hence, the New Residential Tenancy Agreement constitute connected transaction of the Company under the GEM Listing Rules.

## **CONNECTED TRANSACTIONS**

The Group, through its wholly-owned subsidiaries, have entered into and will maintain within the last 12-month period the New PRC Office Tenancy Agreements 1 to 4 and New Residential Tenancy Agreement for a term of 3 years or more, which all involved the rental of premises from the same connected person or parties associated with each other. Therefore, pursuant to Rule 20.79 of the GEM Listing Rules, the transactions contemplated under the New PRC Office Tenancy Agreements 1 to 4 and New Residential Tenancy Agreement shall be aggregated and treated as if they were one transaction for the purpose of calculating the percentage ratios for right-of-use assets.

## **INTRODUCTION**

Reference is made to the announcement dated 24 October 2023 in relation to the continuing connected transactions regarding the Previous Residential Premise Tenancy Agreement and Previous PRC Office Tenancy Agreements 1 to 4.

## **CONNECTED TRANSACTIONS**

The Board wishes to announce that on 24 October 2023, the following agreements have been executed:

- (i) Takbo (as tenant), an indirect wholly-owned subsidiary of the Company, has entered into the New Residential Tenancy Agreement with Smart Path (as landlord) for the lease of Residential Premise for a period from 27 October 2023 to 26 October 2026 upon the expiration of the Previous Residential Tenancy Agreement on 27 October 2023;
- (ii) Takbo (as tenant), an indirect wholly-owned subsidiary of the Company, has entered into the New PRC Office Tenancy Agreement 1 with Baoma (as landlord) for the lease of PRC Office 1 for a period from 27 October 2023 to 26 October 2026 upon the expiration of the Previous PRC Office Tenancy Agreement 1 on 27 October 2023;
- (iii) Takbo (as tenant), an indirect wholly-owned subsidiary of the Company, has entered into the New PRC Office Tenancy Agreement 2 with Baoma (as landlord) for the lease of PRC Office 2 for a period from 1 January 2024 to 31 December 2026 upon the expiration of the Previous PRC Office Tenancy Agreement 2 on 31 December 2023;
- (iv) Cosbe (as tenant), an indirect wholly-owned subsidiary of the Company, has entered into the New PRC Office Tenancy Agreement 3 with Baoma (as landlord) for the lease of PRC Office 3 and PRC Office 4 for a period from 1 January 2024 to 31 December 2026 upon the expiration of the Previous PRC Office Tenancy Agreement 3 on 31 December 2023; and

- (v) Cosbe (as tenant), an indirect wholly-owned subsidiary of the Company, has entered into the New PRC Office Tenancy Agreement 4 with Baoma (as landlord) for the lease of PRC Office 5 for a period from 1 January 2024 to 31 December 2026.

The principal terms of the above tenancy agreements are set out below:

#### **New Residential Tenancy Agreement**

- Date : 24 October 2023
- Parties : (1) Smart Path (as landlord)  
(2) Takbo (as tenant)
- Premises : House 62, The Giverny, Man Kei Toi, Pak Sha Wan, Sai Kung, New Territories, Hong Kong
- Term : 36 months from 27 October 2023 to 26 October 2026
- Use : Residential
- Rental : HK\$100,000, payable in advance on a monthly basis
- Pricing : The monthly rental was determined after arm's length negotiations between the parties to the New Hong Kong Residential Tenancy Agreement with reference to the prevailing market rent for similar properties (e.g. with respect to floor space and age of the building) in the vicinity when the related agreement was entered into.

#### **New PRC Office Tenancy Agreement 1**

- Date : 24 October 2023
- Parties : (1) Baoma (as landlord)  
(2) Takbo (as tenant)
- Premises : 2nd level of 2nd Floor of Block C, No. 1 Jinpu Road, Phase III, Diejin Industrial Area, Jinping District, University Road, Shantou City, Guangdong Province, PRC (中國廣東省汕頭市大學路金平區疊金工業區三片區金浦路1號(C)幢二層廠房的第二層場地) with gross floor area of 506.53 square meters
- Term : 36 months from 27 October 2023 to 26 October 2026

Use : Representative Office in the PRC

Rental : RMB3,545.71, payable in advance on a monthly basis

Pricing : The monthly rental was determined after arm's length negotiations between the parties to the New PRC Office Tenancy Agreement 1 with reference to the prevailing market rent for similar properties (e.g. with respect to floor space and age of the building) in the vicinity when the related agreement was entered into.

### **New PRC Office Tenancy Agreement 2**

Date : 24 October 2023

Parties : (1) Baoma (as landlord)  
(2) Takbo (as tenant)

Premises : 1st level of 2nd Floor of Block C, No. 1 Jinpu Road, Phase III, Diejin Industrial Area, Jinping District, University Road, Shantou City, Guangdong Province, PRC (中國廣東省汕頭市大學路金平區疊金工業區三片區金浦路1號(C)幢二層廠房的第一層場地) with gross floor area of 506.53 square meters

Term : 36 months from 1 January 2024 to 31 December 2026

Use : Representative Office in the PRC

Rental : RMB3,545.71, payable in advance on a monthly basis

Pricing : The monthly rental was determined after arm's length negotiations between the parties to the New PRC Office Tenancy Agreement 2 with reference to the prevailing market rent for similar properties (e.g. with respect to floor space and age of the building) in the vicinity when the related agreement was entered into.

### **New PRC Office Tenancy Agreement 3**

Date : 24 October 2023

Parties : (1) Baoma (as landlord)  
(2) Cosbe (as tenant)

Premises : 5th Floor, No. 1 Jinpu Road, Phase III, Diejin Industrial Area, Jinping District, University Road, Shantou City, Guangdong Province, PRC (中國廣東省汕頭市大學路金平區疊金工業區三片區金浦路1號第五層) with gross floor area of 916 square meters; and

6th Floor, No. 1 Jinpu Road, Phase III, Diejin Industrial Area, Jinping District, University Road, Shantou City, Guangdong Province, PRC (中國廣東省汕頭市大學路金平區疊金工業區三片區金浦路1號第六層) with gross floor area of 625 square meters

Term : 36 months from 1 January 2024 to 31 December 2026

Use : Office

Rental : RMB12,328, payable in advance on a monthly basis

Pricing : The monthly rental was determined after arm's length negotiations between the parties to the New PRC Office Tenancy Agreement 3 with reference to the prevailing market rent for similar properties (e.g. with respect to floor space and age of the building) in the vicinity when the related agreement was entered into.

#### **New PRC Office Tenancy Agreement 4**

Date : 24 October 2023

Parties : (1) Baoma (as landlord)

(2) Cosbe (as tenant)

Premises : 4th Floor, No. 1 Jinpu Road, Phase III, Diejin Industrial Area, Jinping District, University Road, Shantou City, Guangdong Province, PRC (中國廣東省汕頭市大學路金平區疊金工業區三片區金浦路1號第四層) with gross floor area of 625 square meters

Term : 36 months from 1 January 2024 to 31 December 2026

Use : Office

Rental : RMB5,000, payable in advance on a monthly basis

Pricing : The monthly rental was determined after arm's length negotiations between the parties to the New PRC Office Tenancy Agreement 4 with reference to the prevailing market rent for similar properties (e.g. with respect to floor space and age of the building) in the vicinity when the related agreement was entered into.

## **RIGHT-OF-USE ASSET**

In accordance with HKFRS 16 “Leases”, the Group is required to recognize an additional asset representing its right to use the properties under the above tenancy agreements, and as a result, the entering into all the above tenancy agreements and the transactions contemplated thereunder will be regarded as acquisitions of assets by the Group for the purpose of the GEM Listing Rules. The depreciation of right-of-use assets under the related tenancy agreements will be recognized as expenses of the Group over the term of the tenancy agreements.

The value of the right-of-use asset to be recognised by the Company under the above new tenancy agreements amount to approximately HK\$4,215,961, which is the present value of aggregated lease payments to be made under the all the above new tenancy agreements in accordance with HKFRS 16 “Leases”.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE TENANCY AGREEMENTS**

### **Residential Premise**

Smart Path has been leasing Residential Premise to the Group as staff quarter since the listing of the Company. Having considered the needs of the Group to provide accommodation to executive Directors and that stable sources of residential premise as staff quarter is required for the fringe benefit to executive Directors, the Board is of the view that the entering into of the New Residential Tenancy Agreement is beneficial to the Group and the Shareholders as a whole as it enables the Group to secure a longer term of use of residential premise as staff quarter and to save relocation and renovation expenses, commission to agent for identifying suitable residential premise and related administration costs.

### **PRC Offices**

Baoma has been leasing PRC Offices to the Group as representative office since the listing of the Company. Having considered the business needs of the Group and that stable sources of office is required for the administrative operation of the Group in the PRC, the Board is of the view that the entering into of the three New PRC Office Tenancy Agreements is beneficial to the Group and the Shareholders as a whole as it enables the Group to secure a longer term of use of offices for expansion of the operation of the Group in the PRC where demand for office facilities is high so as to save relocation and administration costs.

The terms of (including the monthly rents) of the new tenancy agreements were determined upon arm’s length negotiations with reference to the market rates at the same or similar type of premises in the vicinity. The Directors (including the independent non-executive Directors) are of the view that: (i) the terms of all new tenancy agreements are on normal commercial terms that are fair and reasonable; and (ii) the connected transactions contemplated under each of the new tenancy agreements are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Mr. Or Naam and Ms. Chan Hoi Yan Polly are both executive Directors and controlling shareholders of the Company who have a material interest in the above new tenancy agreements and New Purchase Framework Agreement, and accordingly Mr. Or and Mr. Chan have abstained from voting on the resolution of the Board approving the New Tenancy Agreements.

## **INFORMATION ON THE COMPANY, THE TENANT AND THE LANDLORD**

### **The Company**

The Company was an exempted company incorporated in the Cayman Islands with limited liability under the Cayman Islands Companies Law on 8 February 2017. The Company is an investment holding company and its subsidiaries are principally engaged in (i) the design, development, manufacture and sale of beauty products; and (ii) the design, development and sale of beauty bags.

### **Cosbe**

Cosbe is a company established in the PRC with limited liability on 28 June 2002 and is an indirect wholly-owned subsidiary of our Company. Cosbe is principally engaged in the design, development, manufacture and sale of beauty products.

### **Takbo**

Takbo, an indirect wholly-owned subsidiary of the Company, is principally engaged in the design, development and sale of beauty products and beauty bags.

### **Baoma**

Baoma is a company established in the PRC with limited liability on 5 June 1992 and is a wholly-owned by Tak Bo Hong and therefore a connected person of the Company. Baoma is an investment holding company.

### **Smart Path**

Smart Path is a limited liability company incorporated in Hong Kong on 2 April 2007 and owned in equal shares by Mr. Or Naam and Ms. Chan Hoi Yan Polly, both are executive Directors and controlling shareholders of the Company. Smart Path is an investment holding company.

## **GEM LISTING RULES IMPLICATIONS**

Baoma is a company established in the PRC with limited liability and wholly-owned by Tak Bo Hong, which in turn is a partnership registered in Hong Kong jointly and severally owned by Ms. Chu Siu Fong, one of substantial shareholders through a controlled corporation holding 75% issued shares of the Company, and Mr. Or Tak Ming, the spouse of Ms. Chu Siu Fong. Baoma is therefore an associate of theirs and accordingly is a connected person of the Company within the GEM Listing Rules. Hence, the New PRC Office Tenancy Agreements 1 to 4 constitute connected transactions of the Company under the GEM Listing Rules.

Smart Path is a limited liability company incorporated in Hong Kong and owned in equal shares by Mr. Or Naam and Ms. Chan Hoi Yan Polly, both are executive Directors and controlling Shareholders of the Company. Smart Path is therefore an associate of theirs and accordingly is a connected person of the Company within the GEM Listing Rules. Hence, the New Residential Tenancy Agreement constitute connected transactions of the Company under the GEM Listing Rules.

The Group, through its wholly-owned subsidiaries, have entered into and will maintain within the last 12-month period the New PRC Office Tenancy Agreements 1 to 4 and New Residential Tenancy Agreement for a term of 2 years or more, which all involved the rental of premises from the same connected person or parties associated with each other. Therefore, pursuant to Rule 20.79 of the GEM Listing Rules, the transactions contemplated under the New PRC Office Tenancy Agreements 1 to 4 and New Residential Tenancy Agreement shall be aggregated and treated as if they were one transaction for the purpose of calculating the percentage ratios for right-of-use assets.

Since all the applicable percentage ratios set out in Rule 19.07 of the GEM Listing Rules in respect of the aggregated value of right-of-use assets under the related tenancy agreements are less than 5% or less than 25% and total consideration in respect of the aggregated value of right-of-use assets is less than HK\$10,000,000, all the above transactions are therefore exempt from the circular (including independent financial advice) and independent shareholders' approval requirements, but is subject to the annual review and reporting and announcement requirements under Chapter 20 of the GEM Listing Rules.

## DEFINITIONS

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

“associates”	has the meaning ascribed thereto under the GEM Listing Rules
“Baoma”	Shantou Baoma Processing Complex Company Limited* (汕頭寶馬工藝製品廠有限公司), a company established in the PRC with limited liability on 5 June 1992 and wholly-owned by Tak Bo Hong and therefore a connected person of the Company
“Board”	the board of Directors of the Company
“Company”	Takbo Group Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability under the Cayman Islands Companies Law on 8 February 2017
“connected person”	has the meaning ascribed thereto under the GEM Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the GEM Listing Rules
“Cosbe”	Cosbe Laboratory Inc.* (廣東一美化妝品有限公司) (formerly known as 汕頭一美化妝品有限公司), a company established in the PRC with limited liability on 28 June 2002, is an indirect wholly-owned subsidiary of our Company
“Directors”	the director(s) of the Company
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM as amended, supplemented or otherwise modified from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“New PRC Office 1 Agreement”	the tenancy agreement entered into between Baoma (as landlord) and Takbo (as tenant) dated 24 October 2023 for the lease of PRC Office 1
“New PRC Office 2 Agreement”	the tenancy agreement entered into between Baoma (as landlord) and Takbo (as tenant) dated 24 October 2023 for the lease of PRC Office 2
“New PRC Office 3 Agreement”	the tenancy agreement entered into between Baoma (as landlord) and Cosbe (as tenant) dated 24 October 2023 for the lease of PRC Office 3 and PRC Office 4
“New PRC Office 4 Agreement”	the tenancy agreement entered into between Baoma (as landlord) and Cosbe (as tenant) dated 24 October 2023 for the lease of PRC Office 5
“New Residential Tenancy Agreement”	the tenancy agreement entered into between Takbo (as tenant) and Smart Path (as landlord) dated 24 October 2023 for the lease of Residential Premise
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau and Taiwan
“PRC Office 1”	2nd level of 2nd Floor of Block C, No. 1 Jinpu Road, Phase III, Diejin Industrial Area, Jinping District, University Road, Shantou City, Guangdong Province, PRC
“PRC Office 2”	1st level of 2nd Floor of Block C, No. 1 Jinpu Road, Phase III, Diejin Industrial Area, Jinping District, University Road, Shantou City, Guangdong Province, PRC
“PRC Office 3”	5th Floor, No. 1 Jinpu Road, Phase III, Diejin Industrial Area, Jinping District, University Road, Shantou City, Guangdong Province, PRC
“PRC Office 4”	6th Floor, No. 1 Jinpu Road, Phase III, Diejin Industrial Area, Jinping District, University Road, Shantou City, Guangdong Province, PRC
“PRC Office 5”	4th Floor, No. 1 Jinpu Road, Phase III, Diejin Industrial Area, Jinping District, University Road, Shantou City, Guangdong Province, PRC
“Previous PRC Office Tenancy Agreement 1”	the tenancy agreement entered into between Baoma (as landlord) and Takbo (as tenant) for the lease of the PRC Office 1 expiry on 27 October 2023

“Previous PRC Office Tenancy Agreement 2”	the tenancy agreement entered into between Sky Choice (as landlord) and Takbo (as tenant) for the lease of the PRC Office 2 up to 31 December 2023
“Previous Residential Premise Tenancy Agreement”	the tenancy agreement entered into between Smart Path (as landlord) and Takbo (as tenant) for the lease of the Residential Premise expiry on 27 October 2023
“Residential Premise”	House 62, The Giverny, Man Kei Toi, Pak Sha Wan, Sai Kung, New Territories, Hong Kong
“Smart Path”	Smart Path Development Limited, a company incorporated in Hong Kong on 2 April 2007 with limited liability and owned in equal shares by Mr. Or Naam and Ms. Chan Hoi Yan, both being executive Directors and controlling shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Tak Bo Hong”	Tak Bo Hong, a partnership registered in Hong Kong jointly and severally owned by Ms. Chu Siu Fong, a controlling shareholders of the Company and Mr. Or Tak Ming, the spouse of Ms. Chu Siu Fong and therefore a connected person of the Company
“Takbo”	Takbo Limited (formerly known as Tak Bo Hong Company Limited), a company incorporated in Hong Kong with limited liability on 20 December 1994 and is an indirect wholly-owned subsidiary of our Company
“%”	per cent

By Order of the Board  
**Takbo Group Holdings Limited**  
**Or Naam**  
*Executive Director and Chief Executive Officer*

Hong Kong, 24 October 2023

*As at the date of this announcement, the executive Directors are Mr. Or Naam, Ms. Chan Hoi Yan Polly and Mr. Or Huen; and the independent non-executive Directors are Mr. Tan Chong Huat, Mr. Sung Chi Keung and Mr. Hui Ha Lam.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*This announcement will remain on the “Latest Company Announcements” page on the website of The Stock Exchange of Hong Kong Limited at [www.hkexnews.hk](http://www.hkexnews.hk) for a minimum period of 7 days from the date of its publication and on the Company’s website at [www.takbogroup.com](http://www.takbogroup.com).*

*\* For identification purpose only*