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中國恒泰
CHINA APEX

China Apex Group Limited
中國恒泰集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2011)

**BUSINESS UPDATE:
DE MINIMIS CONNECTED TRANSACTION
LEASE AGREEMENT**

On 29 December 2023, the Lease Agreement was entered into between Shenzhen Errui (as lessee), an indirect wholly-owned subsidiary of the Company, and Shenzhen Maple Leaf Hotel (as lessor), a company which is indirectly wholly owned by Mr. Wu XM, who is (i) the father of Mr. Cody Wu, an executive Director, and (ii) a brother of the Company's substantial shareholder, Mr. Wu JM, in respect of the lease of the Premises for a term of two years commencing from 30 December 2023 and up to 29 December 2025.

The Premises will be used as office premises of the Group in Shenzhen, the PRC. Shenzhen Maple Leaf Hotel is a company indirectly wholly owned by Mr. Wu XM, who is (i) the father of Mr. Cody Wu, an executive Director, and (ii) a brother of the Company's substantial shareholder, Mr. Wu JM and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Lease Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As none of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Lease Agreement, on the basis of the estimated value of the right-of-use asset in the amount of approximately HK\$2,199,126, exceed(s) 5% and the estimated value of the right-of-use asset is less than HK\$3,000,000, the Lease Agreement constitutes de minimis transactions under Rule 14A.76(1) of the Listing Rules and is therefore fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

Notwithstanding the Lease Agreement is exempt from, amongst others, announcement requirement under the Listing Rules, the Board considers publication of this announcement is consistent with the Company's culture of continual pursuance of good corporate governance and providing the latest development of the Group to the shareholders of the Company and potential investors to the extent possible.

INTRODUCTION

On 29 December 2023, the Lease Agreement was entered into between Shenzhen Errui (as lessee), an indirect wholly-owned subsidiary of the Company, and Shenzhen Maple Leaf Hotel (as lessor), a company which is indirectly wholly owned by Mr. Wu XM, who is (i) the father of Mr. Cody Wu, an executive Director, and (ii) a brother of the Company's substantial shareholder, Mr. Wu JM, in respect of the lease of the Premises for a term of two years commencing from 30 December 2023 and up to 29 December 2025.

THE LEASE AGREEMENT

Details of the Lease Agreement are as follows:

Date of Lease Agreement:	29 December 2023
Parties:	Shenzhen Errui (as lessee) Shenzhen Maple Leaf Hotel (as lessor)
Premises:	Suite 3502 and 3503, Block A, Phase 1, Sunshine Science and Technology Innovation Center, Nanxin Road, Nanshan District, Shenzhen (深圳市南山區南新路陽光科創中心一期A座位3502及3503), with total gross floor area of approximately 952.87 sq m.
Term:	Two years commencing from 30 December 2023 and up to 29 December 2025
Rental:	RMB90,000 per month (inclusive of tax)
Payment terms:	The monthly rental for the next month shall be payable by the lessee to the lessor within 30th day of each month during the term of the Lease Agreement
Rental deposits:	RMB180,000, equivalent to two months of rental
Usage:	Office use

ACCOUNTING IMPLICATION AND TREATMENT UNDER THE LISTING RULES

In accordance with the IFRS 16 applicable to the Group, the Group will recognise the rental payments to be paid by the Group under the Lease Agreement as acquisition of right-of-use asset in its consolidated statement of financial position which will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules. The value of the right-of-use asset under the Lease Agreement is estimated to be approximately HK\$2,199,126, being the estimated present value of the total rental payments payable throughout the term of the Lease Agreement in accordance with IFRS 16. The Board confirms that the rent payable under the Lease Agreement was arrived at after arm's length negotiations between the parties and was determined with reference to the market rent of the Premises as set out in the valuation report on rental appraisal prepared by an independent valuation firm.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

As disclosed in the annual report of the Company for the year ended 31 December 2022, the Board has been actively exploring new business opportunities in order to diversify its business portfolio and bring a higher return to the shareholders of the Company. As further disclosed in the announcement of the Company dated 30 August 2023, amongst other parties, Shenzhen Errui and Shenzhen Jiajinlong Industrial Development Co., Ltd.* (深圳市嘉進隆實業發展有限公司) entered into a management agreement, pursuant to which, the parties thereto agreed the details and corresponding rights and obligations in respect of the management and operation of the land at Nanshan District of Shenzhen and the property situated thereon, which is currently operated as the Jiajinlong Car City (嘉進隆汽車城) with showrooms for car sales, and car maintenance and after sales services, etc, by Shenzhen Errui.

In view of the continuous growth of the Group's business, and in particular, the management and operation of the Jiajinlong Car City in Shenzhen, the Board believes that entering into of the Lease Agreement would enable the Group to secure a premises for office use which would facilitate the increasing size of employees and at the same time improve the office environment and enhance working efficiency. The Directors (including the independent non-executive Directors) are of the view that the Lease Agreement was entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms after arm's length negotiations between the parties; and (iii) on terms that are fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATION

Shenzhen Maple Leaf Hotel is a company wholly owned by Mr. Wu XM, who is (i) the father of Mr. Cody Wu, an executive Director, and (ii) a brother of the Company's substantial shareholder, Mr. Wu JM and thus a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Lease Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As none of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Lease Agreement, on the basis of the estimated value of the right-of-use asset in the amount of approximately HK\$2,199,126, exceed(s) 5% and the estimated value of the right-of-use asset is less than HK\$3,000,000, the Lease Agreement constitutes de minimis transactions under Rule 14A.76(1) of the Listing Rules and is therefore fully exempt from the independent shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Listing Rules.

Notwithstanding the Lease Agreement is exempt from, amongst others, announcement requirement under the Listing Rules, the Board considers publication of this announcement is consistent with the Company's culture of continual pursuance of good corporate governance and providing the latest development of the Group to the shareholders of the Company and potential investors to the extent possible.

None of the Directors have material interest in the Lease Agreement and the transactions contemplated thereunder and hence no Director is required to abstain from voting on the relevant resolutions of the Board approving the same.

GENERAL

The principal activity of the Company is investment holding and the Group is principally engaged in the manufacture and sale of zippers and other related products.

Shenzhen Errui, an indirect wholly-owned subsidiary of the Company, is established in the PRC with limited liability and is principally engaged in amongst others, enterprise management advisory services, corporate headquarters management, financial advisory services and corporate image planning.

Shenzhen Maple Leaf Hotel is principally engaged in, amongst other, hotel management in the PRC. As at the date of this announcement, Shenzhen Maple Leaf Hotel is indirectly wholly owned by Mr. Wu XM.

DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions shall have the meanings set out below:

“Board”	the board of Directors
“Company”	China Apex Group Limited, a company incorporated in the Cayman Islands with limited liability, the issued 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
“Group”	the Company and its subsidiaries
“IFRS”	International Financial Reporting Standards issued by the International Accounting Standards Board
“Lease Agreement”	the lease agreement dated 29 December 2023 entered into between Shenzhen Errui (as lessee), an indirect wholly-owned subsidiary of the Company, and Shenzhen Maple Leaf Hotel (as lessor) in respect of the Premises for a term of two years commencing from 30 December 2023 and up to 29 December 2025
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mr. Wu JM”	Mr. Wu Jingming, a substantial shareholder of the Company holding 130,897,663 Shares, representing approximately 23.47% of the total issued Shares of the Company as at the date of this announcement
“Mr. Wu XM”	Mr. Wu Ximing, (i) the father of Mr. Cody Wu, an executive Director, and (ii) a brother of the Company’s substantial shareholder, Mr. Wu JM
“Premises”	Suite 3502 and 3503, Block A, Phase 1, Sunshine Science and Technology Innovation Center, Nanxin Road, Nanshan District, Shenzhen (深圳市南山區南新路陽光科創中心一期A座位3502及3503), with total gross floor area of approximately 952.87 sq m.

“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company
“Shenzhen Errui”	Shenzhen Errui Investment Co., Ltd.* (深圳市爾瑞投資有限公司), an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Shenzhen Maple Leaf Hotel”	Shenzhen Maple Leaf Hotel Investment Co., Ltd. (深圳市楓葉酒店投資有限公司), a company established in the PRC and indirectly wholly owned by Mr. Wu XM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

* *The English translation or transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purposes only, and should not be regarded as the official English name(s) of such Chinese name(s).*

By Order of the Board
China Apex Group Limited
Yip Siu Lun Dave
Chairman and executive Director

Hong Kong, 2 January 2024

As at the date of this announcement, the executive Directors are Mr. Yip Siu Lun Dave, Mr. Mak Yung Pan Andrew, Mr. Wu Cody Zhuo-xuan and Ms. Cheung Ka Yuen; the non-executive Director is Ms. Lin Ping; and the independent non-executive Directors are Mr. Leung Ka Tin, Mr. Cheng Hong Kei, Mr. Liew Fui Kiang and Mr. Ko Kwok Shu.