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## **IPE GROUP LIMITED**

**國際精密集團有限公司\***

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

**(Stock Code: 929)**

### **SUPPLEMENTAL ANNOUNCEMENT TO CONNECTED TRANSACTION CAPITAL INCREASE IN GUANGZHOU HUITONG**

Reference is made to the announcement of IPE Group Limited (the “**Company**”) dated 17 January 2022 (the “**Announcement**”) in relation to the connected transaction in relation to the capital increase in Guangzhou Huitong. Capitalized terms used herein shall have the meanings as ascribed to it in the Announcement unless the context otherwise requires.

The Board wishes to provide the Shareholders and potential investors of the Company with the following additional information in relation to the Announcement.

#### **BACKGROUND TO THE CAPITAL INCREASE**

As disclosed in the Announcement, Guangzhou Huitong passed a shareholders’ resolution on 2 August 2021, pursuant to which the registered capital of Guangzhou Huitong shall increase from RMB36,000,000 to RMB100,000,000, and the additional registered capital shall be contributed by Xin Hao, Huifu Baotong and Zhuhai Yutai, respectively. The Company would like to supplement that on the same date, Xin Hao, Huifu Baotong and Zhuhai Yutai entered into a shareholders’ agreement, pursuant to which the parties confirmed to provide the capital contributions in accordance with the aforesaid shareholders’ resolution of Guangzhou Huitong.

## **FINANCIAL EFFECTS OF THE CAPITAL INCREASE**

Before the Capital Increase, Guangzhou Huitong was owned as to 70% and 30% by Xin Hao and Huifu Baotong, respectively. Upon completion of the Capital Increase, Guangzhou Huitong is held by Xin Hao, Huifu Baotong and Zhuhai Yutai as to 50%, 35% and 15% respectively, and Guangzhou Huitong will continue to be a subsidiary of the Company. As a result, the financial results of Guangzhou Huitong will continue to be consolidated into the financial statements of the Group. It is expected that no gain or loss will be recorded by the Group from the Capital Increase.

## **ORIGINAL ACQUISITION COST OF GUANGZHOU HUITONG**

Guangzhou Huitong was established in the PRC on 12 April 2021. At the time of establishment, Guangzhou Huitong was owned as to 70% and 30% by Xin Hao and Huifu Baotong, respectively. The amount of capital contribution by Xin Hao for the establishment of Guangzhou Huitong was RMB25,200,000.

## **REASONS FOR THE NON-COMPLIANCE OF THE LISTING RULES**

As disclosed in the Announcement, while the approval of the Capital Increase took place in August 2021, the relevant parties were not required to complete the capital contributions at the same time, and such capital contributions were only required to be completed by a certain date in the future. As such, the Company mistakenly considered that given the parties had not yet made the capital contributions, the Capital Increase had not yet been realised and as such no announcement was required to be made at the relevant time. Due to the above misunderstanding, the Directors first became aware that the Capital Increase might constitute connected transaction of the Company at the time when the shareholders' agreement for the Capital Increase was entered into, and that the Company has not timely published the announcement in accordance with Rule 14A.35 of the Listing Rules, upon further review of the Listing Rules requirements and recent injection of capital from Zhuhai Yutai to Guangzhou Huitong in around mid January of 2022.

## **REMEDIAL ACTIONS**

The Company would like to stress that such non-compliance of the Listing Rules was inadvertent and unintentional, and the Company takes such incident of non-compliance seriously. In order to prevent the occurrence of similar non-compliance incidents in the future and to ensure compliance with the Listing Rules on an on-going basis, the Company will implement the following remedial measures:

- (i) the Group will issue relevant guidance and training materials, in particular, on how to identify notifiable and connected transactions under the Listing Rules, to the Directors, senior management and the relevant staff of the Group. If requested by any directors, senior management or financial staff, the Company will also arrange additional training session on the classification and compliance requirements for connected transactions under the Listing Rules so as to improve the standard of corporate governance and operating management of the Company;

- (ii) upon identifying a potential connected transaction, the Group will seek legal advice and/or other professional advice as and when it is necessary to ensure that the Group's understanding of the relevant Listing Rule requirements on that potential connected transaction is correct;
- (iii) the Company will arrange to conduct a review and update of the databank of connected persons of the Company, such that the Company will have an updated databank of connected persons for the purpose of identifying potential connected transactions in the future; and
- (iv) the Company will also assign a dedicated staff member of the Group (the “**Assigned Staff**”) to manage the aforesaid databank of connected persons of the Company and to arrange update of such databank on a regular basis to keep the information in the databank updated at all time. Further, the Company will enhance its existing procedures in monitoring connected transactions such that any potential transaction with new counterparty shall be submitted to the Assigned Staff for review. The Assigned Staff shall then cross check the name of the counterparty of the potential transaction against the databank of connected persons of the Company and determine whether such contemplated transaction is a connected transaction, and inform the Board accordingly of any potential connected transactions under the Listing Rules.

For and on behalf of the Board  
**IPE Group Limited**  
**Zeng Guangsheng**  
*Chairman*

25 January 2022

*As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Zeng Guangsheng (Chairman & Chief Executive Officer) and Mr. Ng Hoi Ping; two non-executive Directors, namely Ms. Zeng Jing and Mr. Chen Kuangguo; and three independent non-executive Directors, namely, Mr. Yang Rusheng, Mr. Cheung, Chun Yue Anthony and Mr. Mei Weiyi.*

\* *for identification purpose only*