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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, a bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in China Pipe Group Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or the licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this circular, 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 circular.

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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)

## MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION RENEWAL OF THE LOAN AGREEMENT AND NOTICE OF SPECIAL GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders



建泉融資有限公司  
VBG Capital Limited

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A letter from the Board is set out on pages 5 to 17 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on page 18 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 30 of this circular.

A notice convening a Special General Meeting (“SGM”) of China Pipe Group Limited to be held at Unit 1010-1016, Level 10, Tower II, Grand Century Place, 193 Prince Edward Road West, Mongkok, Kowloon, Hong Kong on Friday, 8 July 2022 at 10:30 a.m. is set out on pages 38 to 39 of this circular. A form of proxy for use at the SGM is enclosed with this circular.

Whether or not you intend to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy shall not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish.

### PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

Please see page (i) of this document for measures being taken to try to prevent and control the spread of the Novel Coronavirus (COVID-19) at the Special General Meeting, including:

- compulsory body temperature checks and health declarations
- mandatory wearing of a surgical face mask for each attendee
- no distribution of corporate gift or refreshment

Any person who does not comply with the precautionary measures or is subject to any Hong Kong Government prescribed quarantine may be denied entry into the meeting venue. The Company reminds shareholders that they may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting as an alternative to attending the meeting in person.

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## PRECAUTIONARY MEASURES FOR THE SPECIAL GENERAL MEETING

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The health of our shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing Novel Coronavirus (COVID-19) pandemic, the Company will implement the following precautionary measures at the Special General Meeting to protect attending shareholders, staff and stakeholders from the risk of infection:

1. Compulsory body temperature checks will be conducted for every shareholder, proxy or other attendee at each entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.
2. Each attendee must wear a surgical face mask throughout the meeting and inside the meeting venue, and to maintain a safe distance between seats.
3. Following the Hong Kong Government's regulation, the number of attendees inside the meeting venue, who will be physically attending the Special General Meeting, will be limited. The Company will limit the number of attendees at the meeting venue as may be necessary to avoid over-crowding.
4. No refreshment will be served, and there will be no corporate gift.
5. Each attendee may be asked whether (a) he/she travels outside of Hong Kong within the 14-day period immediately before the Special General Meeting; and (b) he/she is subject to any Hong Kong Government prescribed quarantine. Anyone who responds positively to any of these questions may be denied entry into the meeting venue or be required to leave the meeting venue.

In addition, the Company reminds all shareholders that physical attendance in person at the meeting is not necessary for the purpose of exercising voting rights. Shareholders may appoint the chairman of the meeting as their proxy to vote on the relevant resolution(s) at the meeting instead of attending the meeting in person, by completing and return the proxy form attached to this document.

If any shareholder chooses not to attend the meeting in person but has any question about any resolution or about the Company, or has any matter for communication with the board of directors of the Company, he/she is welcome to send such question or matter in writing to our head office and principal place of business in Hong Kong or to our email at [ir@chinapipegroup.com](mailto:ir@chinapipegroup.com).

If any shareholder has any question relating to the meeting, please contact the share registrar of the Company, Computershare Hong Kong Investor Services Limited, as follows:

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East, Wan Chai, Hong Kong  
Website: [www.computershare.com/hk/contact](http://www.computershare.com/hk/contact)  
Tel: 2862 8555  
Fax: 2865 0990

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## DEFINITIONS

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

“2016 Loan Agreement”	the loan agreement dated 11 May 2016 entered into between the Lender (as the lender) and China Victory International Holdings Limited (as the borrower) in respect of a loan facility up to US\$10,000,000, details of which are set out in the Company’s circular dated 15 July 2016
“2019 Loan Agreement”	the loan agreement dated 9 May 2019 entered into between the Lender and the Borrower for renewal of the Loan and Proposed Annual Caps for a further three years from the effective date of the 2019 Loan Agreement
“2020 Supplemental Loan Agreement”	the supplemental loan agreement dated 21 July 2020 entered into between the Lender and the Borrower and acknowledged by the Guarantor to amend the original interest rate from the effective date of the 2020 Supplemental Loan Agreement
“2022 Loan Agreement”	the loan agreement dated 22 April 2022 entered into between the Lender and the Borrower for renewal of the Loan and Proposed Annual Caps for a further three years from the Effective Date of the 2022 Loan Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“Borrower”	Agria Group Limited, a wholly-owned subsidiary of the Guarantor
“Banking Day”	a day (other than a Saturday or a Sunday) on which banks are open for general business in Hong Kong
“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”	has the meaning ascribed to it under the Listing Rules

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## DEFINITIONS

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“Deed of Novation”	a deed of novation dated 15 December 2017 entered into amongst the Lender, China Victory International Holdings Limited and the new Borrower in relation to the novation of the rights and liabilities under the 2016 Loan Agreement
“Director(s)”	the director(s) of the Company
“Effective Date of the 2022 Loan Agreement”	means 1 August 2022 subject to the fulfillment of conditions precedent in the 2022 Loan Agreement
“Group”	the Company and its subsidiaries
“Guarantee”	a deed of corporate guarantee being executed by the Guarantor in favour of the Lender guaranteeing the obligations of the Borrower under the 2022 Loan Agreement
“Guarantor”	Agria Corporation, a company with limited liability incorporated and existing under the laws of Cayman Islands
“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
“Independent Board Committee”	the independent committee of the Board, the members of which consist of the independent non-executive Directors, formed to advise the Independent Shareholders with respect to the 2022 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder
“Independent Financial Adviser”	VBG Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2022 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder

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## DEFINITIONS

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“Independent Shareholders”	the Shareholder(s) (other than the Lender and its associate) who are not required to abstain from voting on the resolution to be proposed at the SGM to approve the continuing connected transaction contemplated under the 2022 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder
“Interest Rate”	Five point five per cent (5.5%) of the Loan per annum
“Latest Practicable Date”	14 June 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Lender”	Softpower (China) Limited (formerly known as Mao Xing Limited), a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange
“Loan”	the aggregate principal amount drawn and for the time being outstanding under the 2022 Loan Agreement
“Maturity Date”	means 31 July 2025
“NZD”	the New Zealand dollar(s), the lawful currency of New Zealand
“Percentage Ratio(s)”	the percentage ratio(s) under Rule 14.07 of the Listing Rules
“Prime Rate”	the US Dollar Prime rate as quoted by the US Board of Governors of the Federal Reserve System from time to time
“Proposed Annual Caps”	annual aggregate maximum amounts for the principal loan outstanding and the interest due under the 2022 Loan Agreement as set out in the section headed “Proposed Annual Caps” of this circular
“Security Documents”	the Guarantee, the Share Charge and any other document executed from time to time by whatever person as a further guarantee of or security for all or any part of the Borrower’s obligations under the 2022 Loan Agreement

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## DEFINITIONS

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“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Share Charge”	the share charge being executed by the Borrower as the chargor over 20% equity interest in Agria Asia Investments Limited to secure the Borrower’s liability and obligations under the 2022 Loan Agreement
“Shareholder(s)”	holder(s) of the shares in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	The US dollar(s), the lawful currency of the United States of America
“%”	per cent

*The English text of this circular, the notice of the SGM and accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistency.*

*In this circular, for the purpose of illustration only, amounts quoted in NZD have been converted into US\$ at the rate of NZD1.00 to US\$0.6899. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

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LETTER FROM THE BOARD

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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)

***Executive Directors***

Mr. Lai Fulin (*Chairman*)  
Mr. Yu Ben Ansheng (*Chief Executive Officer*)

***Registered office***

Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM 10, Bermuda

***Independent non-executive Directors***

Mr. Wong Yee Shuen, Wilson  
Mr. Chen Wei Wen  
Mr. Guan Zhiqiang

***Head office and principal place of  
business in Hong Kong***

12th Floor, Phase I, Austin Tower  
22-26A Austin Avenue  
Tsim Sha Tsui, Kowloon, Hong Kong

21 June 2022

*To the Shareholders*

Dear Sir/Madam

**MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION  
RENEWAL OF THE LOAN AGREEMENT  
AND  
NOTICE OF SPECIAL GENERAL MEETING**

**INTRODUCTION**

Reference is made to the Company's announcement dated 22 April 2022 in relation to the major and continuing connected transaction contemplated under the 2022 Loan Agreement. The purposes of this circular are to provide you with, among other things, (i) further details of the 2022 Loan Agreement and the Proposed Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders in respect of the 2022 Loan Agreement and the Proposed Annual Caps; and (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2022 Loan Agreement and the Proposed Annual Caps; and (iv) notice of the SGM.



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## LETTER FROM THE BOARD

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### I. THE 2022 LOAN AGREEMENT

References are made to (i) the announcement of the Company dated 9 May 2019 and the circular of the Company dated 5 June 2019 in relation to the 2019 Loan Agreement entered into between the Lender and the Borrower for renewal of the Loan and the annual caps from 1 August 2019 to 31 July 2022; and (ii) the announcement of the Company dated 21 July 2020 and the circular of the Company dated 28 July 2020 in relation to the 2020 Supplemental Loan Agreement entered into between the Lender and the Borrower in relation to the adjustment of the interest rate of the Loan.

As the Loan and the annual caps of the aforesaid continuing connected transaction will expire on 31 July 2022, the Lender entered into the 2022 Loan Agreement with the Borrower to renew the Loan and the Proposed Annual Caps with the effect from 1 August 2022 to 31 July 2025.

### II. THE PRINCIPAL TERMS OF THE 2022 LOAN AGREEMENT

For ease of reference purpose, the principal terms of the 2022 Loan Agreement shall be as follows:

<b>Date</b>	22 April 2022
<b>Lender</b>	Softpower (China) Limited (formerly known as Mao Xing Limited), a wholly-owned subsidiary of the Company
<b>Borrower</b>	Agria Group Limited, a wholly-owned subsidiary of the Guarantor
<b>Principal Amount</b>	US\$10,000,000 (equivalent to approximately HK\$78,500,000), the amount has been advanced to the original borrower under the 2016 Loan Agreement (i.e. 1 August 2016) and was transferred to the Borrower pursuant to the Deed of Novation.
<b>Term</b>	3 years ending on the Maturity Date
<b>Interest Rate</b>	<p>The Borrower shall pay the interest on the Loan on each of last Banking Day of an interest period (“<b>Interest Period</b>”) on half-yearly basis, the first Interest Period shall commence on 1 August 2022 and shall be ending at 31 October 2022 and the last Interest Period shall commence on 1 May 2025 and shall be ending at 31 July 2025.</p> <p>The interest rate for each Interest Period shall be five point five per cent (5.5%) of the Loan per annum.</p>

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## LETTER FROM THE BOARD

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### Repayment terms

- (a) The principal amount of the Loan shall be repayable in full on the Maturity Date.
- (b) The Borrower may voluntarily repay all or part of the Loan at any time after six (6) months from the Effective Date of the 2022 Loan Agreement provided that it shall provide not less than one (1) month's prior written notice specifying the intended date of repayment.
- (c) In the event that the Borrower elects to repay all or part of the Loan within six (6) months from the Effective Date of the 2022 Loan Agreement, in addition to a one (1) month's prior written notice, the Borrower shall pay to the Lender an early repayment fee in the amount of US\$100,000 or at a rate of 3% of the early repayment amount (whichever is higher).
- (d) Notwithstanding any provisions to the contrary, the Loan shall be repayable by the Borrower on demand at the Lender's sole discretion with one month's prior notice, upon the expiration of such notice period, the Loan, together with all other amounts accrued or outstanding under the 2022 Loan Agreement and any Security Document computed up to the date of repayment, shall become immediately due and payable.

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## LETTER FROM THE BOARD

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### Security for the Loan

- (1) The Loan is secured by the Guarantee executed by the Guarantor in favour of the Lender as a continuing security and continuing obligation for performance by the Borrower of its obligations in the 2022 Loan Agreement.

Pursuant to the Guarantee, the Guarantor has irrevocably and unconditionally guaranteed and undertaken as principal obligor on first demand by the Lender to pay any and all sums, whether principal, interests, fees or otherwise, which are or at any time may become payable by the Borrower under the 2022 Loan Agreement (the “**Indebtedness**”). In addition, the Guarantor has also guaranteed to pay interest in the same rate and manner as in the 2022 Loan Agreement on the Indebtedness from the date of first demand by the Lender to the date of payment and to be responsible for the costs and expenses incurred by the Lender in enforcing the Guarantee against the Guarantor.

- (2) the Loan is also secured by a Share Charge executed by the Borrower in favour of the Lender as a continuing security and continuing obligation for performance by the Borrower of its obligations in the 2022 Loan Agreement. Pursuant to the Share Charge, the Borrower will charge 20% of its share interests in Agria Asia Investments Limited (“**AAIL**”) to the Lender. AAIL is a company with limited liability incorporated in the British Virgin Islands and is wholly-owned by the Borrower. As the Latest Practicable Date, AAIL is indirectly holding a share equity investment in an agricultural enterprise in New Zealand through Agria (Singapore) Pte. Ltd. (“**Agria Singapore**”), the only and wholly-owned direct subsidiary of AAIL.

According to (i) the latest consolidated management account of Agria Singapore for the nine months period ended 31 March 2022 and (ii) the latest unaudited consolidated financial statement of AAIL for the nine months period ended 31 March 2022 provided by AAIL:

- (a) the net assets value of Agria Singapore is NZD66.1 million (equivalent to approximately US\$45.6 million);

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## LETTER FROM THE BOARD

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- (b) the net assets value of AAIL as at 31 March 2022 is approximately US\$172.5 million.

### Conditions Precedent

The renewal of the Loan pursuant to the 2022 Loan Agreement and the Proposed Annual Caps are conditional upon certain conditions precedent, in particular the following, being fulfilled:

- (i) the Lender being satisfied with the results of all technical, legal, financial, operational due diligence on the Borrower and there has been no material adverse effect since the date of signing the 2022 Loan Agreement;
- (ii) all necessary consents, approvals, authorisations and licenses in relation to the 2022 Loan Agreement (including without limitation, the Independent Shareholders' approval of Company) having been obtained;
- (iii) the Guarantee being duly executed by the Guarantor;
- (iv) the Share Charge being duly executed by the Borrower as chargor together with all documents required pursuant thereto;
- (v) the board of directors of both the Borrower and the Company having approved the 2022 Loan Agreement, the Security Documents and the Proposed Annual Caps; and
- (vi) all authorisations have been obtained and all necessary filings, registrations and other formalities (including without limitation, the approval requirements under the Listing Rules and applicable laws and rules in Hong Kong) have been or will be completed in order to ensure that the 2022 Loan Agreement, the Security Documents, and the Proposed Annual Caps are valid and enforceable.

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## LETTER FROM THE BOARD

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### Default

If the Borrower fails to pay any sum payable under the 2022 Loan Agreement when due, the Borrower (or the Guarantor as principal obligor on first demand by the Lender) shall pay interest on such sum from and including the due date to the date of actual payment (after as well as before judgment) at the rate of Prime Rate plus 12% per annum.

### III. PROPOSED ANNUAL CAPS

The existing annual caps and the historical transaction amounts pursuant to the 2019 Loan Agreement (as amended by the 2020 Supplemental Loan Agreement) are as follows:

	Period from 1 August 2019 to 31 December 2019	Year ended 31 December 2020	Year ended 31 December 2021	Period from 1 January 2022 to 31 July 2022
Maximum principal loan outstanding	US\$10,000,000	US\$10,000,000	US\$10,000,000	US\$10,000,000
Approximate maximum interest amount	US\$441,000	US\$1,053,000* <sup>1</sup>	US\$550,000	US\$320,000
Existing annual caps	US\$10,441,000	US\$11,053,000* <sup>1</sup>	US\$10,550,000	US\$10,320,000
Historical transaction amounts* <sup>2</sup>	US\$10,441,000	US\$10,858,000	US\$10,550,000	US\$10,167,000* <sup>3</sup>

*\*Notes:*

- The existing annual caps for the year ended 31 December 2020 was presented based on the interest rate of 10.5% p.a.. Since 12 August 2020, the effective date of the 2020 Supplemental Loan Agreement, the interest rate of the Loan was revised to 5.5% p.a., and the maximum interest amount from 12 August 2020 to 31 December 2020 was US\$214,000 and the annual cap for the period was US\$10,214,000.
- Rounded down to the nearest thousand.
- Calculated up to 21 April 2022.

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## LETTER FROM THE BOARD

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Under the transactions contemplated under the 2022 Loan Agreement, the Proposed Annual Caps for the maximum principal loan outstanding and the maximum interest amount for the next three years are as follows:

	Period from 1 August 2022 to 31 December 2022 (Note)	Year ending 31 December 2023	Year ending 31 December 2024	Period from 1 January 2025 to 31 July 2025
Maximum principal loan outstanding	US\$10,000,000	US\$10,000,000	US\$10,000,000	US\$10,000,000
Approximate maximum interest amount	US\$231,000	US\$550,000	US\$552,000	US\$320,000
Proposed Annual Caps	US\$10,231,000	US\$10,550,000	US\$10,552,000	US\$10,320,000

*Note:* the expected date for renewal of the Proposed Annual Caps becoming effective is upon fulfillment of the conditions precedent to the 2022 Loan Agreement.

The amounts of above Proposed Annual Caps have been determined with reference to the aggregate principal amount outstanding under the facility granted by the Lender and the annual interest payable under the 2022 Loan Agreement.

Pursuant to the 2022 Loan Agreement, it is agreed that the interest on the aggregate principal amount outstanding payable by the Borrower under the Loan from time to time at five point five per cent (5.5%) of the Loan per annum and such interest shall be paid to the Lender on the Interest Period.

#### **IV. REASONS FOR AND BENEFITS OF THE RENEWAL OF THE LOAN AGREEMENT**

In consideration of the good financial position and the existing cash surplus of the Group, the Company would like to seize the opportunity to obtain greater returns for the Shareholders. The Loan will continue to provide stable interest income to the Group. The Interest Rate is more favourable than that offered by banks in Hong Kong for 6-month fixed deposit. As the Company has currently not identified other better investment opportunities, the provision of the Loan would continue to provide interest income to the Company and is considered to be a good investment opportunity for the Company.

##### *Assessment of credit risks in association with the 2022 Loan Agreement*

The major risk associated with the Loan is the potential default of payment of the Borrower. Therefore, before entering into the 2022 Loan Agreement, the Directors had also considered and evaluated the following factors:–

- (1) the net assets value of the Borrower's group covers the maximum amount of the Loan.

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## LETTER FROM THE BOARD

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- (2) the Borrower and/or its holding company will have adequate source of income for the repayment of the Loan.
- (3) according to the management accounts of the Guarantor for the financial period ended 31 December 2021, the Guarantor had unaudited net asset value, net current asset and cash and cash equivalents of approximately US\$67.2 million, US\$23.7 million and US\$3.2 million as at 31 December 2021 respectively. As such, the Directors are of the view that the financial performance of the Guarantor should be sufficient to cover potential default risk of the Borrower.
- (4) the Guarantor is the sole shareholder of the Borrower (and Chargor). The Borrower (and Chargor) in turn holds 87.12% of the equity interests in AAIL, and AAIL is the sole shareholder of Agria Singapore.
- (5) the Borrower as the chargor will charge 20% of its issued shares in AAIL to the Lender. As informed by the Borrower, AAIL is a company with limited liability incorporated in the British Virgin Islands. According to the latest management accounts of AAIL for the nine months period ended 31 March 2022, AAIL had net assets of approximately US\$172.5 million as at 31 March 2022. Accordingly, the net assets of the charged shares (i.e. 20% of the issued shares of AAIL) represent approximately US\$34.5 million, which covers the amount of the Loan and the interest.

Upon careful consideration of the above factors, the Directors are satisfied that the Share Charge would provide sufficient security for the Loan. Further, the Directors have considered the interest payment history by the Borrower. Since the entering into of the 2016 Loan Agreement, the Borrower had made punctual interest payments in accordance with the terms and conditions of the Loan.

In light of above, the Directors are of the view that, by entering into the 2022 Loan Agreement, the financial resources of the Group could be used efficiently and to generate reasonable interest return in the absence of better investment opportunities. After taking into account the factors as disclosed above in assessing the risks of the Loan, the Company considers that the risks involved in advancing the Loan to the Borrower are relatively low. The terms of the 2022 Loan Agreement and the Proposed Annual Caps, were agreed by the parties to the transaction after arm's length negotiation having taken into account the prevailing market interest rates and practices. As such, the Directors (including the independent non-executive Directors) consider that the 2022 Loan Agreement and Proposed Annual Caps are entered into on normal commercial terms, and the terms of the 2022 Loan Agreement and the Proposed Annual Caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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## LETTER FROM THE BOARD

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### *Internal Control Measures for the Loan*

To safeguard the interest of the Group, the Company will adopt the following review process and assessment criteria when providing Loan to the Borrower under the 2022 Loan Agreement:

- (1) The designated staff of the accounting department of the Company will closely monitor the outstanding loan balances and report the latest status to the financial controller of the Company on a monthly basis to ensure that it does not exceed the stipulated Proposed Annual Caps;
- (2) The financial controller of the Company will report to the senior management on a monthly basis and the Directors (including the independent non-executive Directors) on half-yearly basis in relation to the transaction status.

The financial controller will compile a report containing the following information to be submitted to Directors:

1. The repayment record of the Borrower, in assessing whether repayments have been made punctually;
2. Management accounts of the Borrower to be provided quarterly to assess the net asset value of the Borrower's and its subsidiaries and ensuring that it continuously covers the maximum amount of the loan;
3. Management accounts of the Guarantor to be provided quarterly to assess the net asset value of the Guarantor and ensuring that it continuously covers the maximum amount of the loan to be sufficient to cover potential default risk of the Borrower;
4. Monitoring the market value and the stock price of PGG Wrightson Limited, the share equity of which was held indirectly by AAIL and charged as to 20% by the Borrower pursuant to the Share Charge. Further, the Guarantor has substantial long term investment in PGG Wrightson Limited. A half-yearly review of the asset value of PGG Wrightson Limited would assist with assessing the loan-to-value ratio of the securities provided by the Borrower and the repayment ability of the Guarantor;
5. Bank interest as compared to Loan interest; where the bank interest is higher than the Loan interest, the Company shall promptly reconsider the continuation of the Loan.

The Directors shall timely review the financial controller's report and determine whether any actions shall be required to safeguard the interests of the Shareholders as a whole. The Directors are satisfied that the internal control measures can provide timely information on the value of the charged securities and effectively monitor that the Loan-to-value ratio is at a healthy state and to safeguard the Company's interests.



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## LETTER FROM THE BOARD

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### V. INFORMATION OF THE PARTIES

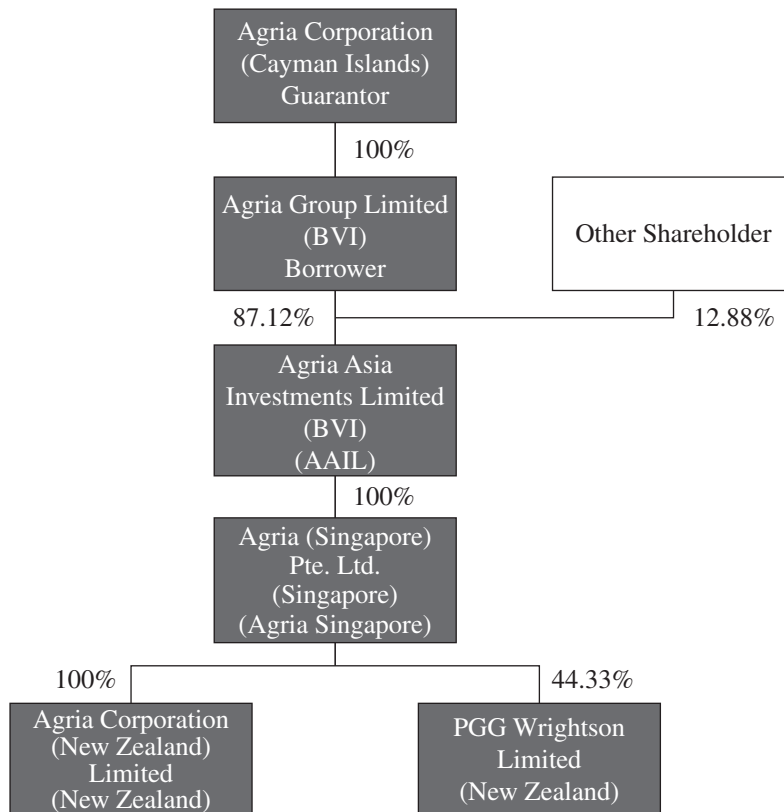
The Lender is a limited company incorporated in the British Virgin Islands and principally engaged in investment holding. The Lender is a wholly-owned subsidiary of the Company.

The Group is principally engaged in trading of construction materials, mainly pipes and fittings in Hong Kong and Macau.

The Borrower is a limited company incorporated in the British Virgin Islands and principally engaged in investment holding. The Borrower is a direct wholly-owned subsidiary of the Guarantor.

The Guarantor is a limited company incorporated in the Cayman Islands, which is an investment holding company with substantial long term investment in PGG Wrightson Limited, a New Zealand agricultural business listed on the New Zealand Stock Exchange (NZX:PGW). Mr. Lai Guanglin, being the ultimate controlling shareholder of the Guarantor, directly holds 7.8% of the entire issued share capital of the Guarantor and indirectly holds 33.3% of the entire issued share capital of the Guarantor. Other than as disclosed above, there are no other natural persons who control, directly or indirectly, one-third or more of the Guarantor.

A structural chart showing the relationship between the Borrower, the Guarantor, AAIL, Agria Singapore and PGG Wrightson Limited is as below:



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## LETTER FROM THE BOARD

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### VI. IMPLICATIONS UNDER LISTING RULES

As at Latest Practicable Date, Mr. Lai Guanglin holds approximately 32.82% of the issued share capital of the Company, is the controlling shareholder of the Company. As Mr. Lai Guanglin is the ultimate controlling shareholder of the Guarantor, the Borrower, being a wholly-owned subsidiary of the Guarantor, is an associate of Mr. Lai Guanglin and therefore, is an associate of the connected person of the Company under Rule 14A.13(3) of the Listing Rules. As such, the transactions contemplated under the 2022 Loan Agreement constitutes continuing connected transaction for the Company under Chapter 14A of the Listing Rules. Accordingly, Mr. Lai Fulin (the younger brother of Mr. Lai Guanglin), the executive Director and the Chairman of the Company, has abstained from voting at the relevant board meeting for approving the 2022 Loan Agreement and the transactions contemplated thereunder. Apart from the above, none of the Directors has any material interest in the abovementioned transactions and is required to abstain from voting on the board resolutions approving the 2022 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

As one or more applicable Percentage Ratios of the Proposed Annual Caps for the transactions contemplated under the 2022 Loan Agreement exceed 5%, the 2022 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder are subject to reporting, announcement, independent shareholders' approval and annual review requirements pursuant to Rules 14A.35, 14A.36 and 14A.49 of the Listing Rules. Appropriate disclosure of the above transactions will be made in the next published annual report and accounts of the Company in accordance with Rules 14A.71 and 14A.72 of the Listing Rules.

As one or more applicable Percentage Ratios of the Proposed Annual Caps exceed 25% but all of the which are below 100%, the Loan constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to reporting, announcement and shareholders' approval requirements pursuant to Rule 14.33 of the Listing Rules.

Mr. Lai Guanglin and his associates, being controlling shareholders of the Company interested in the transactions contemplated under the 2022 Loan Agreement, will abstain from voting at the SGM. To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, save for Mr. Lai Guanglin and his associates, no Shareholder (or its associates) has any material interest in the transactions contemplated under the 2022 Loan Agreement.

### VII. SGM

Set out on pages 38 to 39 of this circular is a notice of the Company convening the SGM which will be held at Unit 1010-1016, Level 10, Tower II, Grand Century Place, 193 Prince Edward Road West, Mongkok, Kowloon, Hong Kong on Friday, 8 July 2022 at 10:30 a.m. for the purpose of considering and if thought fit approving the 2022 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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The 2022 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder are subject to, among other things, the approval by the Independent Shareholders at the SGM to be taken by way of a poll. As mentioned above, Mr. Lai Guanglin and his associates will abstain from voting for the relevant resolution at the SGM due to their interest in the concerned transaction. Other than the above and to the best knowledge and information of the Board, no other Shareholder has material interest in the above transaction and will abstain from voting at the SGM.

As at the Latest Practicable Date, Mr. Lai Guanglin (including his associates) is entitled to voting rights of 437,234,620 Shares (representing approximately 32.82% of the entire issued share capital of the Company and the total voting rights of the holders of the Shares). Mr. Lai Guanglin (including his associates) controls or is entitled to control over the entire voting right in respect of his Shares. There is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon Mr. Lai Guanglin (including his associates); and (ii) no obligation or entitlement of Mr. Lai Guanglin (including his associates) as at the Latest Practicable Date, whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his Shares to a third party, either generally or on a case-by-case basis.

A form of proxy for the SGM is enclosed. Whether or not you wish to attend the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the SGM (or any adjourned meeting). Completion and delivery of the form of proxy will not preclude you from attending and voting at the SGM (or any adjourned meeting) if you so wish.

### VIII. RECOMMENDATIONS

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the terms of the 2022 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this respect.

The letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 30 of this circular and the letter from the Independent Board Committee to the Independent Shareholders is set out on page 18 of this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the opinion that the terms of the 2022 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder are fair and reasonable and are in the interest of the Company and the Shareholders as a whole and recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at SGM.

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## LETTER FROM THE BOARD

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The Board considers that the terms of the 2022 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM.

### IX. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)

21 June 2022

*To the Independent Shareholders*

Dear Sir or Madam,

### **MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION RENEWAL OF LOAN AGREEMENT**

We refer to the circular dated 21 June 2022 issued by the Company (the “**Circular**”), of which this letter forms part. Terms used in this letter shall bear the same meanings as given to them in the Circular unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the 2022 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder and to advise the Independent Shareholders as to the fairness and reasonableness of the aforesaid matters, and to recommend how the Independent Shareholders should vote at the SGM. The Independent Financial Advisor has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 17 of the Circular, and the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the 2022 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder, as set out on pages 19 to 30 of the Circular.

Having taken into account of the advice of the Independent Financial Adviser, we consider that although the entering into of the 2022 Loan Agreement is not conducted in the ordinary and usual course of business of the Group, the 2022 Loan Agreement (including the Proposed Annual Caps) is entered into upon normal commercial terms, and that the transactions contemplated under the 2022 Loan Agreement are entered in the interests of the Company and the Shareholders as a whole. We also consider that the terms of the 2022 Loan Agreement (including the Proposed Annual Caps) are fair and reasonable so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the 2022 Loan Agreement, the Proposed Annual Caps and the transactions contemplated thereunder.

Yours faithfully,  
the Independent Board Committee

**Mr. Wong Yee Shuen, Wilson**  
*Independent non-executive  
Director*

**Mr. Chen Wei Wen**  
*Independent non-executive  
Director*

**Mr. Guan Zhiqiang**  
*Independent non-executive  
Director*

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*Set out below is the text of a letter received from VBG Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2022 Loan Agreement for the purpose of inclusion in this circular.*



建泉融資有限公司  
VBG Capital Limited

21/F., Grand Millennium Plaza  
181 Queen's Road Central  
Central, Hong Kong

21 June 2022

*To: The independent board committee and the independent shareholders  
of China Pipe Group Limited*

Dear Sirs,

### MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTION RENEWAL OF THE LOAN AGREEMENT

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2022 Loan Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 21 June 2022 issued by the Company to the Shareholders (the “**Circular**”), of which this letter of advice forms part. Capitalised terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed “Definitions” in the Circular unless the context requires otherwise.

References are made to the announcement of the Company dated 21 July 2020 and its circular dated 28 July 2020 in relation to the continuing connected transaction for the Company contemplated under the 2019 Loan Agreement (as supplemented by the 2020 Supplemental Loan Agreement). At the special general meeting of the Company held on 12 August 2020, the then independent Shareholders approved the aforementioned continuing connected transaction as well as the annual caps of the Loan for the relevant periods during the three years ending 31 July 2022. As such continuing connected transaction will expire on 31 July 2022, on 22 April 2022, the Lender entered into the 2022 Loan Agreement with the Borrower to renew the Loan and the relevant annual caps for a fixed term of three years ending on the Maturity Date.

According to the Letter from the Board, the transaction contemplated under the 2022 Loan Agreement constitutes a major and continuing connected transaction for the Company under Chapters 14 and 14A of the Listing Rules, respectively, and is subject to the reporting, announcement, Independent Shareholders’ approval and annual review requirements pursuant to the Listing Rules.

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## **LETTER FROM THE INDEPENDENT FINANCIAL ADVISER**

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The Independent Board Committee, comprising Mr. Wong Yee Shuen, Wilson, Mr. Chen Wei Wen and Mr. Guan Zhiqiang (all being independent non-executive Directors), has been established to advise the Independent Shareholders on (i) whether the terms of the 2022 Loan Agreement (including the Proposed Annual Caps) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the entering into of the 2022 Loan Agreement is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the 2022 Loan Agreement and the Proposed Annual Caps at the SGM. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **OUR INDEPENDENCE**

As at the Latest Practicable Date, apart from (i) having acted as the independent financial adviser of the Company relating to a major and continuing connected transaction regarding the 2020 Supplemental Loan Agreement which a circular dated 28 July 2020 was issued; and (ii) the existing engagement in relation to the 2022 Loan Agreement, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company and its subsidiaries or the Directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of their associates. We consider ourselves independent to form our opinion in respect of the 2022 Loan Agreement.

### **BASIS OF OUR OPINION**

In formulating our opinion with regard to the 2022 Loan Agreement, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group (including but not limited to the Circular). We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the SGM. We have also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Group, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular 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 in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or future prospects of the Group, the Borrower, the Guarantor or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the 2022 Loan Agreement and the Proposed Annual Caps. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Shareholders should note that as the Proposed Annual Caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 July 2025, and they do not represent forecasts of revenue or cost to be recorded from the continuing connected transaction under the 2022 Loan Agreement. Consequently, we express no opinion as to how closely the actual revenue and cost to be recorded from the continuing connected transaction will correspond with the Proposed Annual Caps.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources while we did not conduct any independent investigation into the accuracy and completeness of such information.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the 2022 Loan Agreement, we have taken into consideration the following principal factors and reasons:

#### 1. Background of and reasons for the 2022 Loan Agreement

##### Information on the Group

The Group is a leading provider to the construction sector offering a wide range of pipe related products, fittings, comprehensive services and solutions to contractors, designers, consultants and government agencies in Hong Kong and Macau.

Based on the annual report of the Company for the year ended 31 December 2021 (the “**2021 Annual Report**”), despite the challenges brought by COVID-19, the Group’s revenue and profit for the year from continuing operation increased from approximately HK\$497.3 million and HK\$30.7 million, respectively, in 2020 to approximately HK\$682.2 million and approximately HK\$61.8 million, respectively, in 2021, representing an astonishing jump of approximately 37.2% and 101.4%, respectively. As a matter of fact, the Group has been enjoying significant revenue and



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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persistent profits since 2011. The Group operates its core business mainly through its flagship subsidiary, Bun Kee (International) Limited, a well-established company with a long history. Started over 70 years ago from a small retail shop, the Company has been listed on the Stock Exchange since December 2000, and the Group becomes a one-stop supplier of a comprehensive range of pipes and fittings. Over the years, it has built a good reputation for the pipes and fittings business in Hong Kong and Macau and has established stable major customer and supplier bases.

According to the 2021 Annual Report, as at 31 December 2021, the Group had total cash and bank balances of approximately HK\$172.1 million but minimal capital commitments of approximately HK\$0.56 million only. We noted that the Group held abundant cash on hand which was more than sufficient to cover its entire borrowings of approximately HK\$56.0 million. As further advised by the Directors, while the Group does not have material immediate capital requirement at present, the Group finances its daily working capital requirement mainly by internal resources. With reference to the 2021 Annual Report, net cash generated from operating activities of the Group amounted to approximately HK\$6.4 million for the year ended 31 December 2021. As at 31 December 2021, the Group had aggregate banking facilities for trade finance of approximately HK\$262.3 million, out of which less than one-fourth of approximately HK\$61.8 million was utilised. Moreover, the Group's gearing ratio (calculated as total bank borrowings to total equity) was kept at a relatively low level of approximately 8.9%.

### **Information on the Borrower**

As disclosed in the Letter from the Board, the Borrower is a limited company incorporated in the British Virgin Islands and is principally engaged in investment holding. The Borrower is a wholly-owned subsidiary of the Guarantor.

### **Information on the Guarantor**

As disclosed in the Letter from the Board, the Guarantor is a company with limited liability incorporated in the Cayman Islands and has substantial long term investment in PGG Wrightson Limited (NZSX: PGW), a company listed on the New Zealand Stock Exchange. Based on the public information available on the New Zealand Stock Exchange's website and as further confirmed by the Guarantor, the Guarantor was interested in 33,463,399 shares of PGW as at the Latest Practicable Date, representing approximately 44.3% of the total issued share capital of PGW.

For our due diligence purpose, we have also requested and reviewed the latest consolidated management accounts of the Guarantor for the six months ended 31 December 2021. Based on the said latest accounts, the Guarantor recorded total net asset value and net current asset of approximately US\$67.2 million and US\$23.7 million as at 31 December 2021, respectively. Moreover, based on the closing price of NZD4.43 per share of PGW as at 31 March 2022, the total market value of the Guarantor's investment in PGW was approximately US\$102.3 million.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Reasons for the entering into of the 2022 Loan Agreement

As extracted from the Letter from the Board, the Company would like to seize the opportunity to obtain greater returns for the Shareholders. The Loan will provide interest income to the Group. Having considered the good financial position and cash surplus of the Group, security of the Loan and the favourable Interest Rate, the Company is of the view that the extension of the Loan is a good investment opportunity for the Company.

As mentioned in the sub-section headed “Information on the Group” of this letter of advice, the Group has been principally engaged in trading of pipes and fittings for over 70 years. Despite the challenges brought by COVID-19, the Group’s revenue and profit for the year from continuing operation increased from approximately HK\$497.3 million and HK\$30.7 million, respectively, in 2020 to approximately HK\$682.2 million and approximately HK\$61.8 million, respectively, in 2021, representing an astonishing jump of approximately 37.2% and 101.4%, respectively. As a matter of fact, the Group has been enjoying significant revenue and persistent profits since 2011. As at 31 December 2021, the Group had total cash and bank balances of approximately HK\$172.1 million but minimal capital commitments of approximately HK\$0.56 million only. We noted that the Group held abundant cash on hand which was more than sufficient to cover its entire borrowings of approximately HK\$56.0 million. As further advised by the Directors, while the Group does not have material immediate capital requirement at present, the Group finances its daily working capital requirement mainly by internal resources. With reference to the 2021 Annual Report, net cash generated from operating activities of the Group amounted to approximately HK\$6.4 million for the year ended 31 December 2021.

As confirmed by the Directors, the trading of pipes and fittings business of the Group is mature, and the Company had not identified any potential projects or investment opportunities with substantial capital requirement for the Group to pursue as at the Latest Practicable Date. Accordingly, the Directors are of the view that the entering into of the 2022 Loan Agreement would allow the Group to seize higher returns for the Shareholders from its abundant cash, the majority of which is currently placed as fixed deposits in banks with effective interest rate of approximately 0.53% per annum. Furthermore, as it is stipulated under the 2022 Loan Agreement that the Loan shall be repayable by the Borrower on demand at the Lender’s sole discretion with one month’s prior notice, the Group is also granted the flexibility to obtain repayment as and when it considers necessary. Hence, it is in the commercial interest of the Group to extend the Loan to the Borrower.

In addition, from our discussion with the Directors, we understand that the Company considers the major risk associated with the extension of the Loan to be the potential default of payment by the Borrower. As being detailed in the section headed “Principal terms of the 2022 Loan Agreement” of this letter of advice, the Loan is secured by the Guarantee as well as the Share Charge, and there are provisions under the 2022 Loan Agreement protecting the Lender under situation of default by the Borrower.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Having considered the above, given that the 2022 Loan Agreement would allow the Group to seize higher returns for the Shareholders from its abundant cash with manageable credit risk, we concur with the Directors that the entering into of the 2022 Loan Agreement is in the interests of the Company and the Shareholders as a whole although it is not conducted in the ordinary and usual course of business of the Group.

### 2. Principal terms of the 2022 Loan Agreement

As extracted from the Letter from the Board, the principal terms of the 2022 Loan Agreement dated 22 April 2022 are as follows:

<b>Lender:</b>	Softpower (China) Limited (formerly known as Mao Xing Limited), a wholly-owned subsidiary of the Company.
<b>Borrower:</b>	Agria Group Limited, a wholly-owned subsidiary of the Guarantor.
<b>Principal amount of the Loan:</b>	US\$10 million.
<b>Term:</b>	A fixed term of three years ending on the Maturity Date.
<b>Interest Rate:</b>	5.5% per annum.
<b>Repayment terms:</b>	The principal amount of the Loan shall be repayable in full on the Maturity Date.
<b>Security for the Loan:</b>	The Guarantee and the Share Charge.

#### The Interest Rate

Pursuant to the 2022 Loan Agreement, the Interest Rate is 5.5% of the Loan. As at 31 December 2021, the Group had abundant total cash and bank balances of approximately HK\$172.1 million, the majority of which is currently placed as fixed deposits in banks with effective interest rate of approximately 0.53% per annum. The Group also had total borrowings of approximately HK\$56.0 million as at 31 December 2021, bearing interests of approximately 2.27% per annum. With the above being the case, the Interest Rate of 5.5% is higher than the rates that the Group received from deposits (i.e. 0.53%) and paid for borrowings (i.e. 2.27%).

Furthermore, we have performed an independent research regarding provision of financial assistance to either independent third parties or connected persons by listed companies in Hong Kong. Since the Company is neither a bank nor financial institution, and does not possess any money lenders license, our research has also been conducted based on such selection criteria. During the period from 1 February 2022 up to 22 April 2022 (being the date of the 2022 Loan Agreement), we identified 16 comparable transactions (the “**Comparables**”). We chose the said research period due

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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to its recency before the signing of the 2022 Loan Agreement. To the best of our knowledge and as far as we are aware of, the Comparables are representative and exhaustive. The table below summarises our relevant findings:

<b>Date of announcement</b>	<b>Company (Stock code)</b>	<b>Principal amount of the loan</b>	<b>Term</b>	<b>Annual interest rate</b>
22 April 2022	Metropolis Capital Holdings Limited (8621)	RMB2,350,000	12 months	12%
20 April 2022	China Resources Pharmaceutical Group Limited (3320)	HK\$1.2 billion	3 years	The applicable rate offered by the People's Bank of China ( <i>Note</i> )
11 April 2022	Joy City Property Limited (207)	(i) RMB2,263,422,200.00; (ii) RMB195,810,015.37	(i) Before 11 May 2024; (ii) 1 December 2023	10%
6 April 2022	Asian Citrus Holdings Limited (73)	RMB7,000,000	1 year	6%
4 April 2022	Grandshores Technology Group Limited (1647)	HK\$5,800,000	6 months	8%
31 March 2022	Zhejiang Yongan Rongtong Holdings Co., Ltd. (8211)	RMB35,000,000	15 months	Relevant loan prime rate issued by the National Interbank Funding Centre ( <i>Note</i> )
28 March 2022	Kunming Dianchi Water Treatment Co., Ltd. (3768)	RMB250 million	4 months	9%
24 March 2022	China Jinmao Holdings Group Limited (817)	Proportional to the shareholding ratio of its shareholders	1 year	Latest loan prime rate for one-year loan as published by the National Interbank Funding Centre ( <i>Note</i> )
9 March 2022	Sun Art Retail Group Limited (6808)	RMB100,000,000	1 year	3.7%
8 March 2022	Extrawell Pharmaceutical Holdings Limited (858)	(i) HK\$30 million; (ii) HK\$12 million	24 months	5%

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Date of announcement	Company (Stock code)	Principal amount of the loan	Term	Annual interest rate
6 March 2022	JW (Cayman) Therapeutics Co. Ltd (2126)	HK\$43 million	1 year	3.6%
28 February 2022	Kunming Dianchi Water Treatment Co., Ltd. (3768)	RMB250 million	1 month	8.5%
28 February 2022	Super Strong Holdings Limited (8262)	HK\$15,000,000	3 months	6%
23 February 2022	China 21st Century Education Group Limited (1598)	RMB18,240,000	From the drawdown date of the loan to 30 September 2022	15%
11 February 2022	China Star Entertainment Limited (326)	HK\$500 million	9 months	5%
8 February 2022	Kintor Pharmaceutical Limited (9939)	HK\$116,895,000	Up to 30 June 2022	4.27%
			<b>Maximum interest rate</b>	<b>15%</b>
			<b>Minimum interest rate</b>	<b>3.6%</b>
			<b>Median interest rate</b>	<b>5.5%</b>

*Note:* As at the Latest Practicable Date, the base rate of the People's Bank of China and the loan prime rate for one-year loan as published by the National Interbank Funding Centre was 3.7%.

*Source:* the website of the Stock Exchange ([www.hkex.com.hk](http://www.hkex.com.hk))

As demonstrated above, the Interest Rate of 5.5% is equivalent to the median interest rate charged on loans by the Comparables. As such, the Interest Rate is acceptable based on the market comparison.

In view of that the Interest Rate is (i) higher than the rates that the Group received from deposits and paid for borrowings; and (ii) equivalent to the median interest rate charged on loans by the Comparables, we are of the opinion that the Interest Rate is fair and reasonable so far as the Independent Shareholders are concerned.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### Security for the Loan

Regarding the possible credit risk of the Loan, we noted that pursuant to the 2022 Loan Agreement, the Loan is secured by (i) the Guarantee executed by the Guarantor and (ii) the Share Charge executed by the Borrower. Under the Guarantee, the Guarantor has irrevocably and unconditionally guaranteed and undertaken as principal obligor on first demand by the Lender to pay the Indebtedness (as defined in the Letter from the Board). The Guarantor has also guaranteed to pay interest in the same rate and manner as in the 2022 Loan Agreement on the Indebtedness from the date of first demand by the Lender to the date of payment and to be responsible for the costs and expenses incurred by the Lender in enforcing the Guarantee against the Guarantor. Whilst under the Share Charge, the chargor, i.e. the Borrower, has charged 20% of its share interests in a subsidiary, namely Agria Asia Investments Limited (“**AAIL**”) to the Lender. We understand that AAIL is a company with limited liability incorporated in the British Virgin Islands. According to its latest consolidated management accounts for the nine months ended 31 March 2022, AAIL had net assets of approximately US\$172.5 million (20% of which being US\$34.5 million) as at 31 March 2022. AAIL is interested in 100% of the shares of Agria (Singapore) Pte. Ltd. (“**Agria Singapore**”). According to the latest consolidated management accounts of Agria Singapore for the nine months ended 31 March 2022, Agria Singapore had net assets of approximately US\$45.6 million as at 31 March 2022.

As advised by the Directors, in the event of any default of payment by the Borrower, the Company intends to enforce the Guarantee to demand the Guarantor to repay all outstanding amounts. In this relation, we noted from the latest consolidated management accounts of the Guarantor for the six months ended 31 December 2021 that each of the total net asset value and net current asset of the Guarantor as at 31 December 2021 could cover the principal amount of the Loan. In addition, we noted that the total market value of the Guarantor’s investment in PGW amounted to approximately US\$102.3 million as at 31 March 2022, exceeding the principal amount of the Loan.

Upon our enquiry, the Directors advised us that throughout the previous term of the Loan, the Borrower has been repaying the interests accrued punctually.

Judging from all the aforesaid, we concur with the Directors that the credit risk of the Loan is manageable.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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### 3. The Proposed Annual Caps

Under the 2022 Loan Agreement, the Proposed Annual Caps during the relevant periods ending 31 July 2025 are as follows:

	Period from 1 August 2022 <sup>(Note)</sup> to 31 December 2022	Year ending 31 December 2023	Year ending 31 December 2024	Period from 1 January 2025 to 31 July 2025
Maximum principal loan outstanding	US\$10,000,000	US\$10,000,000	US\$10,000,000	US\$10,000,000
Approximate maximum interest amount	US\$231,000	US\$550,000	US\$552,000	US\$320,000
Proposed Annual Caps	US\$10,231,000	US\$10,550,000	US\$10,552,000	US\$10,320,000

*Note:* The expected date of fulfilment of the conditions precedent to the 2022 Loan Agreement.

As referred to in the Letter from the Board, the Proposed Annual Caps were determined with reference to the aggregate principal amount outstanding under the facility granted by the Lender (i.e. the Loan of US\$10 million) and the interest payable under the 2022 Loan Agreement based on the Interest Rate of 5.5%, for each of the above periods. We consider that the Proposed Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

### 4. Internal control and compliance with the Listing Rules

Extracted below are the internal control measures that the Company will establish to govern the implementation of the 2022 Loan Agreement:

- (1) Designated staff of the accounting department of the Company will closely monitor the outstanding loan balances and report the latest status to the financial controller of the Company on a monthly basis to ensure that the outstanding loan balances do not exceed the Proposed Annual Caps.
- (2) The financial controller of the Company will report to the senior management on a monthly basis and the Directors (including the independent non-executive Directors) on half-yearly basis in relation to the transaction status.
- (3) The financial controller will compile a report containing the following information to be submitted to the Directors:
  - (a) the repayment record of the Borrower;
  - (b) the management accounts of the Borrower to be provided quarterly;
  - (c) the consolidated management accounts of the Guarantor to be provided quarterly;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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- (d) the market value and the share price of PGW together with a half-yearly review of the asset value of PGW; and
  - (e) the bank interest as compared to the Interest Rate.
- (4) The Directors shall timely review the financial controller's report and determine whether any actions shall be required to safeguard the interests of the Company and the Shareholders as a whole.

We noted from the above internal control measures that the provision of the Loan will be under supervision by designated personnel of the accounting department and the financial controller of the Company and is subject to approval by the Group's senior management and the Directors. In particular, there will be regular check on whether repayments have been made punctually and whether the Interest Rate is higher than the bank interest. Should the contrary occurs the Company will promptly reconsider the continuation of the Loan. The Company will also assessed the net asset value of the Borrower and the Guarantor, and the market value of PGW (being the major asset of the Guarantor) on a quarterly basis to ensure that they continue to cover the principal amount of the Loan in order to minimise the potential credit risk. For our due diligence purpose, we have reviewed the past internal control record of the Group, including the internal reporting and review record, in relation to the 2020 Supplemental Loan Agreement. Given the above, we are of the opinion that the internal control measures of the Group would be sufficient and effective to safeguard the interests of the Company and the Shareholders as a whole.

In addition, the Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 and 14A.55 of the Listing Rules pursuant to which (i) the amounts of the Loan plus interest must be restricted by the Proposed Annual Caps for the periods concerned under the 2022 Loan Agreement; (ii) the terms of the 2022 Loan Agreement (together with the Proposed Annual Caps) must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors' annual review on the terms of the 2022 Loan Agreement (together with the Proposed Annual Caps) must be included in the Company's subsequent published annual reports and financial accounts. As also stipulated under Rule 14A.56 of the Listing Rules, auditors of the Company must provide a letter to the Board confirming, among other things, that the provision of the Loan is carried out in accordance with the pricing policies of the Company, and the Proposed Annual Caps are not being exceeded. In the event that the total amounts of the Loan plus interest exceed the Proposed Annual Caps, or that there is any material amendment to the terms of the 2022 Loan Agreement, the Company, as confirmed by the Directors, shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the 2022 Loan Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) although the entering into of the 2022 Loan Agreement is not conducted in the ordinary and usual course of business of the Group, it is in the interests of the Company and the



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the SGM to approve the 2022 Loan Agreement, and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

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

*Ms. Doris Sing is a licensed person and responsible officer of VBG Capital Limited registered with the Securities and Futures Commission to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 17 years of experience in corporate finance.*

## 1. CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The audited financial statements of the Group for the year ended 31 December 2021 are set out on pages 62 to 155 of the 2021 annual report of the Company, which was published on both the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.chinapipegroup.com>).

The audited financial statements of the Group for the year ended 31 December 2020 are set out on pages 65 to 159 of the 2020 annual report of the Company, which was published on both the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.chinapipegroup.com>).

The audited financial statements of the Group for the year ended 31 December 2019 are set out on pages 63 to 159 of the 2019 annual report of the Company, which was published on both the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.chinapipegroup.com>).

## 2. INDEBTEDNESS

### *Borrowings*

At the close of business on 30 April 2022, being the latest practicable date for the purpose of preparing this indebtedness prior to the printing of this circular, the Group had outstanding borrowings of approximately HK\$66,498,000, details of which are set out below:

	<i>HK\$'000</i>
Trust receipt loans, secured	55,036
Trust receipt loans, unsecured	<u>11,462</u>
	<u><u>66,498</u></u>

The secured loans were secured by corporate guarantees and bank deposits of HK\$46,000,000.

### *Lease Liabilities*

As at 30 April 2022, the total lease liabilities of the Group amounted to approximately HK\$104,808,000. Certain lease liabilities amounting to approximately HK\$104,192,000 were secured by rental deposits pursuant to the corresponding tenancy agreements.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group did not have any outstanding bank overdrafts, loan, debt securities, borrowings or other similar indebtedness, liabilities under acceptances or acceptance

credits, debentures, mortgages, charges, finance leases, hire purchases commitments, guarantees or other material contingent liabilities at the close of business on 30 April 2022.

There had been no material changes in indebtedness or contingent liabilities of the Group since 31 December 2021 and up to the Latest Practicable Date.

### **3. WORKING CAPITAL**

The Directors are of the opinion that, taking into account of the Group's available financial resources including the internally generated funds, the working capital available to the Group is sufficient for the Group's requirements for a least twelve months from the date of this circular.

### **4. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

The principal business of the Group is importing and selling of a range of pipes (including copper tube, ductile iron and steel pipes) related products, fittings as well as offering comprehensive services and solutions to contractors, designers, consultants and government agencies in Hong Kong and Macau. We strive to provide high quality products to our customers and serve them with value-added customer services.

To stay in the forefront of competition, the management of the Group will continue to manage the costs tightly and enhance the cost-effectiveness of the Group.

In addition, as mentioned in the section headed "REASONS FOR AND BENEFITS OF THE RENEWAL OF THE LOAN AGREEMENT" in the Letter from the Board of this circular, the Interest Rate of the 2022 Loan is 5.5% per annum, and it is still higher than the interest rate for 6-month fixed deposit in the banks of Hong Kong. Therefore, the 2022 Loan Agreement is regarded as a good investment opportunity for the Company given the good financial position and cash surplus of the Group.

### **5. FINANCIAL EFFECT OF THE 2022 LOAN AGREEMENT**

Taking into account the interest income which could be derived from the Loan as contemplated under the 2022 Loan Agreement would cover all necessary expenses to be incurred by the Group and the revision of the terms of the transactions contemplated under the 2022 Loan Agreement shall be no less favorable than the interest rate for 6-month fixed deposit in the banks of Hong Kong, the Company expects to have positive effect on its earnings as well as earning per share for the Shareholders.

If the Group is to fund the Loans by its bank borrowings, its assets and liabilities will be increased by the same amount of such borrowings at the time when such borrowings are obtained. Save for the aforesaid, there would be no material effect on the Group's assets and liabilities as a result of the transactions contemplated under the 2022 Loan Agreement. For the avoidance of doubt, the Group has not funded and has no current plan to fund the Loans (whether partially or in full) by bank borrowings.

## 1. RESPONSIBILITY STATEMENT

This document, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules 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 circular 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 circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Interests and short positions of the Directors and the chief executive of the Company in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the “**Model Code**”) contained in the Listing Rules, were as follows:

#### *Long positions in the shares and underlying share of the Company*

Name of Director	Capacity	Personal Interests	Corporate Interests	Total	Approximate percentage of Shares in issue
Yu Ben Ansheng	Beneficial owner/ Interest of controlled corporation	3,000,000	146,000,000 (Note)	149,000,000	11.18%

*Note:* These shares are held by King Jade Holdings Limited, which is wholly and beneficially owned by Mr. Yu Ben Ansheng, an executive Director and the Chief Executive Officer of the Company. Accordingly, Mr. Yu is deemed to be interested in such shares under the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

**(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders**

So far as is known to the Directors and the chief executive, as at the Latest Practicable Date, the following person (not being Director or chief executive of the Company) had, or was deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

*Long positions in shares and underlying share of the Company*

<b>Name of Shareholders</b>	<b>Capacity</b>	<b>Number of Shares/ underlying shares held</b>	<b>Approximate percentage of Shares in issue</b>
Singapore Zhongxin Investment Company Limited <sup>(Note 1)</sup>	Beneficial owner	437,234,620	32.82%
Lai Guanglin <sup>(Note 1)</sup>	Interest of controlled corporation	437,234,620	32.82%
Li Juan <sup>(Note 2)</sup>	Interest of spouse	437,234,620	32.82%
Qu Zhi	Beneficial owner	333,317,500	25.02%
King Jade Holdings Limited <sup>(Note 3)</sup>	Beneficial owner	146,000,000	10.96%

*Notes:*

1. Singapore Zhongxin Investment Company Limited is wholly and beneficially owned by Mr. Lai Guanglin. Accordingly, Mr. Lai is deemed to be interested in such shares under the SFO.
2. Ms. Li Juan, the spouse of Mr. Lai Guanglin, is also deemed to be interested in Mr. Lai's interest in the Company under the SFO.
3. King Jade Holdings Limited is wholly and beneficially owned by Mr. Yu Ben Ansheng, an executive Director and the Chief Executive Officer of the Company. Accordingly, Mr. Yu is deemed to be interested in such shares under the SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the shares or

underlying shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was expected, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

As at the Latest Practicable Date, so far as known to the Directors, none of the Directors is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO.

### **3. DIRECTORS' OTHER INTERESTS**

As at the Latest Practicable Date, so far as the Directors are aware of, none of themselves or their respective associates had any interest in a business which competes or may compete with the business of the Group or any other conflicts of interest with the Group.

As at the Latest Practicable Date, none of the Directors has any interest, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Company were made up.

There is no contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date in which any Director is materially interested and which is significant to the business of the Group.

### **4. MATERIAL CONTRACTS**

During the two years immediately preceding the date of this circular ending on the Latest Practicable Date, the following contracts (not being contracts in the ordinary course of business) have been entered into by the Group and are or may be material:

- (i) the consultancy services agreement dated 1 April 2022 entered into between Brothers Capital Limited and the Company in relation to provision of certain consultancy services;
- (ii) the 2019 Loan Agreement (as amended by the 2020 Supplemental Loan Agreement).

Save as disclosed above, during the two years immediately preceding the date of this circular, no contracts (not being contracts entered into in the ordinary course of business) has been entered into by the Company and/or members of the Group and is or may be material.

**5. LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened by or against any member of the Group.

**6. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

**7. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest audited financial statements of the Company were made up.

**8. EXPERT AND CONSENT**

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and/or references to its name in the form and context in which they appear.

The following is the qualification of the expert who has provided its advice, which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
VBG Capital Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, the Independent Financial Adviser was not beneficially interested in the share capital of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which had been, since the date to which the latest published audited financial statements of the Company were made up (i.e. 31 December 2021), acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

**9. MISCELLANEOUS**

- (a) The registered office of the Company is at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda, and the head office and principal place of business in Hong Kong of which is at 12th Floor, Phase I, Austin Tower, 22-26A Austin Avenue, Tsim Sha Tsui, Kowloon, Hong Kong.
- (b) The principal share registrar and transfer office of the Company is Ocorian Management (Bermuda) Limited at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM 10, Bermuda and the Hong Kong branch share registrar and transfer office of which is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) Mr. Cheng Siu Kwan, aged 52, joined the Company as the Financial Controller in December 2012 and has been appointed as the Company Secretary of the Company in February 2013. Mr. Cheng is a fellow member of the Association of Chartered Certified Accountants and a member of the Hong Kong Institute of Certified Public Accountants. Prior to joining the Company, Mr. Cheng held various finance positions at a number of companies listed on The Stock Exchange of Hong Kong Limited and has over 27 years of experience in auditing, finance and accounting.
- (d) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese text in case of inconsistency.

**10. DOCUMENTS ON DISPLAY**

Copies of the following documents are available for inspection on the website of the Stock Exchange ([hkexnews.hk](http://hkexnews.hk)) and the website of the Company ([www.chinapipelinegroup.com](http://www.chinapipelinegroup.com)) from the date of this circular up to and including the date of the SGM:

- (a) the 2019 Loan Agreement;
- (b) the 2020 Supplemental Loan Agreement; and
- (c) the 2022 Loan Agreement.



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## NOTICE OF THE SGM

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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)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “**SGM**”) of China Pipe Group Limited (the “**Company**”) will be held at Unit 1010-1016, Level 10, Tower II, Grand Century Place, 193 Prince Edward Road West, Mongkok, Kowloon, Hong Kong on Friday, 8 July 2022 at 10:30 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution as the ordinary resolution of the Company:

#### ORDINARY RESOLUTION

**“THAT:**

- (a) the loan agreement dated 22 April 2022 (the “**2022 Loan Agreement**”) entered into by Softpower (China) Limited (formerly known as Mao Xing Limited) (the “**Lender**”), a wholly-owned subsidiary of the Company, as lender, and Agria Group Limited (the “**Borrower**”) as borrower, in relation to the renewal of a loan facility in the amount of up to US\$10,000,000 (equivalent to approximately HK\$78,500,000. The 2022 Loan Agreement constitutes a continuing connected transaction (the “**Continuing Connected Transaction**”) for the Company under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (details of the 2022 Loan Agreement are set out in the Company’s circular dated 21 June 2022 (the “**Circular**”) and copies of the 2022 Loan Agreement and the Circular have been tabled at the meeting and marked “A” and “B” respectively for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;
- (b) the Proposed Annual Caps (as defined and more particularly described in the Circular) in respect of the Continuing Connected Transaction be and are hereby approved and confirmed; and

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## NOTICE OF THE SGM

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- (c) the directors of the Company be and are hereby authorised to do such acts and execute such other documents (including without limitation any related documents) as they may consider necessary, desirable or expedient to carry out or give effect to or otherwise in connection with or in relation to the 2022 Loan Agreement and the Proposed Annual Caps and the transactions contemplated thereunder.”

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

Hong Kong, 21 June 2022

*Notes:*

1. A form of proxy for use at the SGM or any adjournment thereof is enclosed.
2. A shareholder of the Company (a “**Shareholder**”) entitled to attend and vote at the SGM convened by the above notice (or at any adjournment thereof) is entitled to appoint another person as his proxy to attend and vote instead of him. A Shareholder who is the holder of two or more shares may appoint more than one proxy to attend on the same occasion. A proxy need not be a Shareholder.
3. To be valid, the form of proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority must be lodged with the Company’s branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
4. Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at any meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
5. Completion and delivery of the form of proxy will not preclude a Shareholder from attending and voting at the meeting should he/she/it wish. If a Shareholder attend and vote at the SGM, the authority of his/her/its proxy will be deemed to be revoked.