

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



中國管業集團有限公司
China Pipe Group Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00380)

CONNECTED TRANSACTION
THE LOAN AGREEMENT

LOAN AGREEMENT

On 8 December 2022, the Lender, an indirect wholly-owned subsidiary of the Company, entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to, among other things, make available to the Borrower the Loan on the terms and subject to the conditions therein.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Lender is an indirect wholly-owned subsidiary of the Company, the Borrower is an executive director and the chairman of the Company and the Guarantor is the controlling shareholder of the Company and the elder brother of the Borrower. Hence, the Borrower and the Guarantor are connected persons of the Company under Rule 14A.07 of the Listing Rules and the transactions contemplated under the Loan Agreement constitutes a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

Since all the applicable percentage ratios with respect to the transactions contemplated under the Loan Agreement exceed 0.1% but less than 5%, the connected transaction is only subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

I. INTRODUCTION

The Board is pleased to announce that on 8 December 2022, the Lender entered into the Loan Agreement with the Borrower, pursuant to which the Lender agreed to grant to the Borrower a secured loan of HK\$5,000,000 subject to the terms and conditions set out therein.

II. THE PRINCIPAL TERMS OF THE LOAN AGREEMENT

The principal terms of the Loan Agreement are as follows:

Date	8 December 2022
Lender	Bun Kee (International) Limited, an indirect wholly-owned subsidiary of the Company
Borrower	The Borrower
Principal Loan Amount	HK\$5,000,000
Term	A fixed term of 3 years from the date of drawdown of the Loan.
Interest Rate	The interest rate on the Loan is 6% per annum, which shall accrue from day to day and be calculated on a basis of actual number of days elapsed over a year of 365 days. The Borrower shall pay the interest on the Loan quarterly in arrears with the first interest repayment date on 31 March 2023.
Early repayment terms	<p>(a) The principal amount of the Loan shall be repayable in full on the Maturity Date.</p> <p>(b) The Borrower may voluntarily repay all or part of the Loan at any time from the date of the Loan Agreement provided that it shall provide not less than ten (10) day's prior written notice specifying the intended date of repayment.</p> <p>(c) In the event that The Borrower elects to repay all or part of the Loan, in addition to a ten (10) day's prior written notice, the Borrower shall prepay to the Lender the whole or part of any Loan (but, if in part, being an amount that reduces the amount of the Loan by a minimum amount of HK\$1,000,000 or its integral multiples of HK\$1,000,000).</p>
Guarantee	The Guarantor agreed to provide personal guarantee in favour of the Lender.
Default	If the Borrower fails to pay any sum payable under the Loan Agreement when due, the Borrower 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 10% per annum.

III. REASONS FOR AND BENEFITS OF THE LOAN AGREEMENT

The terms of the Loan Agreement, including the interest rates applicable, were negotiated and arrived at after arm's length negotiations between the Lender and the Borrower, having taken into account the prevailing market interest rates and practices. The Loan Agreement was entered into by the Lender having regard to (i) the good financial position and the existing cash surplus of the Group and that the Company had not identified other better investment opportunities; (ii) the interest income per annum to be generated by the transactions contemplated under the Loan Agreement being more favorable than that offered by banks in Hong Kong for a 1-year fixed deposit; (iii) the repayment capacity of the Borrower is satisfactory to the Company in view of his past three years' remuneration packages as an executive director of the Company was sufficient to cover the Loan principal and interest payment and the credit risk is relatively low, and (iv) the Guarantor agreed to provide personal guarantee to the Lender, which further minimizes the risks. In view of the above, the Directors (including the independent non-executive directors) consider that the terms of the Loan Agreement are on normal commercial terms or better to the Group and the transactions contemplated under the Loan Agreement is fair and reasonable, and in the interests of the Company and its shareholders taken as a whole.

As advised and confirmed by the Company, as the Borrower, an executive director and the chairman of the Company, is the borrower under the Loan Agreement, the Borrower was considered to have an interest in the Loan Agreement and the transactions contemplated under thereunder and had abstained from voting on the relevant resolutions of the Board approving the transactions. Save as disclosed above, none of the Directors had any interest in the Loan Agreement and the transactions contemplated thereunder and had abstained from voting on the relevant resolutions of the Board.

IV. INFORMATION OF THE PARTIES

The Lender is a limited company incorporated in Hong Kong and principally engaged in trading of construction materials, mainly pipes and fittings in Hong Kong. The Lender is an indirect 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 the executive director and the chairman of the Company.

The Guarantor is the controlling shareholder of the Company and the elder brother of the Borrower.

V. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Lender is an indirect wholly-owned subsidiary of the Company, the Borrower is an executive director and the chairman of the Company and the Guarantor is a controlling shareholder of the Company and the elder brother of the Borrower. Hence, the Borrower and the Guarantor are connected persons of the Company under Rule 14A.07 of the Listing Rules and the transactions contemplated under the Loan Agreement constitutes a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

Since all the applicable percentage ratios with respect to the transactions contemplated under the Loan Agreement exceed 0.1% but less than 5%, the connected transaction is only subject to the reporting and announcement requirements but is exempt from the circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

VI. DEFINITIONS

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

“Associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Banking Day”	a day (other than a Saturday or a Sunday) on which banks are open for general business in Hong Kong;
“Board”	the board of Directors;
“Borrower”	Mr. Lai Fulin, the executive director and the chairman of the Company;
“Company”	China Pipe Group Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Guarantor”	Mr. Lai Guanglin, the controlling shareholder of the Company and the elder brother of the Borrower;
“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;
“Interest Rate”	six per cent (6%) of the Loan per annum;
“Lender”	Bun Kee (International) Limited, an indirect wholly-owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on Stock Exchange;
“Loan”	the principal amount drawn and for the time being outstanding under the Loan Agreement;
“Loan Agreement”	the loan agreement dated 8 December 2022 entered into between the Lender and the Borrower;
“Maturity Date”	means on the date falling 3 years after the date of drawdown of the Loan;
“Percentage Ratios”	the percentage ratio(s) under Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“Share(s)”	ordinary Share(s) of the Company;
“Shareholder(s)”	holder(s) of the Shares in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 8 December 2022

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