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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)**

**CONNECTED TRANSACTION**  
**THE LOAN AGREEMENT AND**  
**SUPPLEMENTAL LOAN AGREEMENT**

On 21 February 2024, the Lender and the Borrower entered into the Loan Agreement, pursuant to which the Lender agreed to grant to the Borrower a loan of HK\$2,950,000 subject to the terms and conditions set out therein.

The Board announces that on 24 April 2024, the Supplemental Loan Agreement was entered into between the Lender and the Borrower, to vary the original loan principal amount from HK\$2,950,000 to HK\$5,000,000, subject to the Guarantor providing a personal guarantee in securing the Borrower's obligation to repay the Loan and interest accrued in full. Save as supplemented by the Supplemental Loan Agreement, all other terms, conditions and provision in the Loan Agreement shall remain unchanged and shall continue to have full force and full legal effect.

As at the date of this announcement, the Lender is an indirect wholly-owned subsidiary of the Company. The Borrower is the son of Mr. Lai Fulin, an executive director and chairman of the Company, thus is an associate. The Guarantor is a controlling shareholder of the Company by indirectly holding approximately 32.93% of the issued share capital of the Company and the uncle 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.

At the time of the making of the Loan Agreement, the highest applicable percentage ratio exceeds 0.1% but less than 5%, and the consideration is less than HK\$3,000,000. The transaction contemplated under the Loan Agreement therefore constitutes a de minimis connected transaction according to Rule 14A.76 of the Listing Rules and is fully exempted from the annual reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, however, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into within a 12-month period or were otherwise related. The subsequent increase in loan principal to HK\$5,000,000 as stipulated in the Supplemental Loan Agreement shall be aggregated as one transaction. As the highest applicable percentage ratio in respect of the Loan pursuant to the amendment effected by the Supplemental Loan Agreement exceeds 0.1% but less than 5%, the said connected transaction is subject to the reporting and announcement requirements but is exempted from circular and the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

## **INTRODUCTION**

On 21 February 2024, the Lender and the Borrower entered into the Loan Agreement, pursuant to which the Lender agreed to grant to the Borrower a loan of HK\$2,950,000 subject to the terms and conditions set out therein.

The Board announces that on 24 April 2024, the Supplemental Loan Agreement was entered into between the Lender and the Borrower, to vary the original loan principal amount from HK\$2,950,000 to HK\$5,000,000, subject to the Guarantor providing a personal guarantee in securing the Borrower's obligation to repay the Loan and interest accrued in full. The details of the Loan Agreement and the Supplemental Loan Agreement are set out below:

## **THE LOAN AGREEMENT**

Date of the Loan Agreement:	21 February 2024
Parties:	The Lender; and The Borrower
Original Principal Amount:	HK\$2,950,000
Term:	24 months from 22 February 2024 to 21 February 2026, both days inclusive
Interest Rate:	The interest rate on the Loan is seven per cent (7%) 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 2024

- Early 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 from the date of the Loan Agreement.
  - (c) Upon termination of the Borrower's employment with the Lender, the Loan and interest accrued shall become immediately due and payable and the Lender is entitled to claim all outstanding sum against the Borrower.

Default: If the Borrower fails to repay any sum payable when become due under the Loan Agreement for two months or more, the Borrower agrees to automatically debit HK\$30,000 per month from his payroll to the Lender as partial repayment of the Borrower's outstanding indebtedness, until the Loan and any interest accrued had been fully repaid.

## **THE SUPPLEMENTAL LOAN AGREEMENT**

Date of the Supplemental Loan Agreement: 24 April 2024

Revised Principal Amount: The principal amount of the Loan is revised from HK\$2,950,000 to HK\$5,000,000

Security: The Loan is secured by a personal guarantee provided by the Guarantor in favour of the Lender

Other terms: Except in so far as amended by the Supplemental Loan Agreement, the Loan Agreement shall continue in full force and effect. The Supplemental Loan Agreement shall be read and construed as one with the Loan Agreement

## **REASONS FOR AND BENEFITS OF THE LOAN AGREEMENT AS AMENDED AND SUPPLEMENTED BY THE SUPPLEMENTAL 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 to be generated by the transactions contemplated under the Loan Agreement and the Supplemental Loan Agreement

being more favorable than that offered by banks in Hong Kong for a 2-year fixed deposit; (iii) the Borrower is an employee of the Lender, and the Lender having the contractual right to automatically deduct HK\$30,000 per month from the Borrower's payroll, if the Borrower fails to repay any sum falls due for more than two months, as partial repayment to the Loan until the Loan and any payable sum are repaid in full; (iv) the credit risk is relatively low as the Guarantor agreed to provide personal guarantee to the Lender, whose net assets should be abundant to cover the Loan and any interest to be accrued within the term of the Loan, 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 as amended and supplemented by the Supplemental Loan Agreement are on normal commercial terms or better to the Group and the transactions contemplated under the Loan Agreement (as amended and supplemented by the Supplemental 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, is the son of Mr. Lai Fulin, an executive director and the chairman of the Company, Mr. Lai Fulin was considered to have an interest in the Loan Agreement, the Supplemental 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, the Supplemental Loan Agreement and the transactions contemplated thereunder, and had abstained from voting on the relevant resolutions of the Board.

## **INFORMATION ABOUT 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 an employee of the Lender and the son of Mr. Lai Fulin, an executive director and the chairman of the Company.

The Guarantor is the controlling shareholder of the Company and the uncle of the Borrower.

## **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 the son of Mr. Lai Fulin, an executive director and chairman of the Company, thus is an associate. The Guarantor is a controlling shareholder of the Company by indirectly holding approximately 32.93% of the issued share capital of the Company and the uncle 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.

At the time of the making of the Loan Agreement, the highest applicable percentage ratio exceeds 0.1% but less than 5%, and the consideration is less than HK\$3,000,000. The transaction contemplated under the Loan Agreement therefore constitutes a de minimis connected transaction according to Rules 14A.76 of the Listing Rules and is fully exempted from the annual reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all entered into within a 12-month period or were otherwise related. The subsequent increase in loan principal to HK\$5,000,000 as stipulated in the Supplemental Loan Agreement shall be aggregated as one transaction. As the highest applicable percentage ratio in respect of the Loan pursuant to the amendment effected by the Supplemental Loan Agreement exceeds 0.1% but less than 5%, the said connected transaction is subject to the reporting and announcement requirements but is exempted from circular and the independent shareholders' approval requirement under Rule 14A.76(2) of the Listing Rules.

## DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Borrower”	Mr. Lai Guanyan, the son of Mr. Lai Fulin, the executive director and chairman of the Company, and an employee of the Lender
“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(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guarantor”	Mr. Lai Guanglin, the controlling shareholder of the Company and the uncle 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”	seven per cent (7%) 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 the Stock Exchange
“Loan”	the principal amount drawn and for the time being outstanding under the Loan Agreement as amended and supplemented by the Supplemental Loan Agreement
“Loan Agreement”	the loan agreement entered into between the Lender and the Borrower dated 21 February 2024
“Maturity Date”	means 21 February 2026
“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
“Supplemental Loan Agreement”	means the supplemental loan agreement entered into between the Lender and the Borrower to vary the principal of the Loan on 24 April 2024
“%”	per cent

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

Hong Kong, 24 April 2024

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