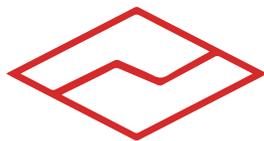


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MAIKE TUBE INDUSTRY HOLDINGS LIMITED

(迈科管业控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1553)

CONNECTED TRANSACTION

A LEASE AGREEMENT IN RELATION TO A FACTORY FACILITY IN THAILAND

THE LEASE AGREEMENT

On 31 March 2021, Delta Power (an indirect non wholly-owned subsidiary of the Company, as lessee) entered into the Lease Agreement with Thai Steel Pipe (as lessor) in relation to the leasing of a factory in Thailand for a term of 2.75 years for the purposes of expanding its business to the overseas.

LISTING RULES IMPLICATIONS

In accordance with HKFRS 16, the Group is required to recognize the Lease Agreement as right-of-use-assets, and, as a result, the entry into of the Lease Agreement and the transactions contemplated thereunder will be regarded as acquisitions of assets by the Group pursuant to the Listing Rules. The unaudited value of the right-of-use asset to be recognized by the Company under the Lease Agreement shall amount to approximately THB 30.12 million (approximately HKD 7.50 million).

Thai Steel Pipe is an indirect wholly owned subsidiary of Meide, which is in turn controlled by Mr. Kong, the controlling shareholder of the Company, who holds 172,600,000 shares in the Company representing 39.79% of the issued share capital in the Company. Therefore Thai Steel Pipe is a connected person of the Company under the Listing Rules. As such, under Chapter 14A of the Listing Rules, the transactions contemplated under the Lease Agreement constitute a one-off connected transaction of the Company.

On 31 March 2021, Delta Power (an indirect non wholly-owned subsidiary of the Company, as Lessee) entered into the Lease Agreement with Thai Steel Pipe (as Lessor) in respect of a factory facility in Thailand for a term of 2.75 years. The Lease Agreement will commence from 1 April 2021 and expiring on 31 December 2023.

THE LEASE AGREEMENT

Date	:	31 March 2021
Parties	:	(i) Delta Power as Lessee (the “ Lessee ”) (ii) Thai Steel Pipe as Lessor (the “ Lessor ”)
Premises	:	Building No. 149–204–206 located in Moo 13, Petchkasem Road, Om-Noi Sub-district, Krathum Baen District, Thailand Samut Sakhon Province
Total rental area	:	Approximately 9,000 sq.m.
Term	:	2.75 years commencing from 1 April 2021
Usage	:	For the purpose of manufacturing prefabricated electrical pipe products
Rental and aggregate value of consideration payable	:	The annual rental payable under the Lease Agreement are as follows: (i) 1 April 2021 to 31 December 2021: THB 10.2 million (approximately HKD 2.54 million) (ii) 1 January 2022 to 31 December 2022: THB 10.8 million (approximately HKD 2.69 million) (iii) 1 January 2023 to 31 December 2023: THB 10.8 million (approximately HKD 2.69 million)

The aggregated value of the Rent payable shall amount to THB 31.8 million (approximately HKD 7.92 million).

- Payment term** : The Rent (exclusive of any utility fees, including but not limited to water and electricity fees, internet fees and etc.) will be paid on a monthly basis during the Term of the Lease Agreement. The Rent payable for the first nine months of the Lease Agreement shall amount to THB 1.13 million (approximately HKD 0.28 million) per calendar month, the Rent payable for the tenth to twenty-eighth months of the Lease Agreement shall amount to THB 0.9 million (approximately HKD 0.22 million) per calendar month.
- Renewal** : Subject to compliance with the applicable Listing Rules, Delta Power may renew the lease upon its expiry by giving a written notice to Thai Steel Pipe 60 days prior to the expiry of the lease term.
- Rental Deposit** : THB 1.8 million (approximately HKD 0.45 million) payable by the Lessor to Lessee on the date of the Lease Agreement

The Rent under the Lease Agreement is determined after arm's length negotiations between Delta Power and Thai Steel Pipe, after taking into consideration the prevailing market rental for comparable premises in the vicinity of the Premises.

In accordance with HKFRS, the Rent under the Lease Agreement is capital in nature and therefore, the Premises will be recognised as right-of use assets of the Group on 1 April 2021 for an unaudited value of approximately THB 30.12 million (approximately HKD 7.50 million), calculated based on the present value of the total lease payments under the Lease Agreement at a discount rate of 0.36%. The Rent under the Lease Agreement is expected to be satisfied by internal resources of the Group in its ordinary and usual course of business.

REASONS FOR AND BENEFITS OF THE LEASE AGREEMENT

The entering into of the Lease Agreement will enable the Group to secure a sizable space in a suitable location for a reasonably period of time for the production of the prefabricated electrical pipe products. Further to the Company's announcement dated 6 November 2020, the Company considers Thailand as a strategic location to expand its market and to explore new customers by diversifying its product offering. The Board considers that the basis of determination of the Rent under the Lease Agreement and the terms of the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and are in the ordinary and usual course of business of the Group. The Directors, including the independent non-executive Directors, are of the view that the entering into of the Lease Agreement are in the interests of the Company and its shareholders as a whole.

Thai Steel Pipe acquired the Premises in 2018 and the original acquisition cost of the Premises paid by Thai Steel Pipe was THB 1,020 million (approximately HKD 253.91 million).

INFORMATION OF THE COMPANY AND DELTA POWER

The Company

The Group is principally engaged in (i) the manufacturing and sales of standard prefabricated pipe nipple products; (ii) manufacturing and sales of steel pipe products; (iii) the design and supply of assembled piping systems; and (iv) the sale of unused raw materials, including steel coils procured from the suppliers.

Delta Power

Delta Power is principally engaged in the manufacturing and sales of prefabricated electrical pipe products which are generally used for safety protection in connection with electrical wires in Thailand.

INFORMATION OF MEIDE AND THAI STEEL PIPE

Meide

Meide is a conglomerate which engages in, among others, (i) manufacturing and sale of malleable iron, ductile iron and bronze pipe fittings, malleable iron valves and malleable iron electric power fittings; (ii) production of iron raw materials typically used in foundry industry; and (iii) financial investments.

Thai Steel Pipe

Thai Steel Pipe was incorporated in Thailand on 11 July 1977, and is principally engaged in the manufacture and sales of 1) malleable iron, ductile iron and bronze pipe fittings, malleable iron valves and malleable iron electric power fittings; and 2) malleable iron and ductile iron castings, rolled pressed iron joints and rolled pressed iron water and gas fittings. Thai Steel Pipe is an indirect wholly owned subsidiary of Meide, which is in turn owned by Ningbo Ming De and Jinan Gong Chuang Meide, each to 35.49% interest and 64.51% interest of Meide, and is ultimately controlled by Mr. Kong.

LISTING RULES IMPLICATIONS

In accordance with HKFRS 16, the Group is required to recognize the Premises as right-of-use-assets, and, as a result, the entry into of the Lease Agreement and the transactions contemplated thereunder will be regarded as acquisitions of assets by the Group pursuant to the Listing Rules. The unaudited value of the right-of-use asset to be recognized by the Company under the Lease Agreement shall amounts to approximately THB 30.12 million (approximately HKD 7.50 million).

Shareholders should note that the above figure is unaudited and may be subject to adjustment in the future. The right-of-use asset represents its right to use the underlying leased asset over the lease term and the lease liability represents its obligation to make lease payments (i.e. the rent). The asset and the liability arising from the lease are initially measured on present

value basis and calculated by discounting the lease payments under the Lease Agreement, using the incremental borrowing rate as the discount rate. Under HKFRS 16 and in the consolidated statement of comprehensive income of the Group, the Group shall recognise (i) depreciation charge over the life of the right-of-use asset; and (ii) interest expenses amortised from the lease liability over the lease term.

Thai Steel Pipe is an indirect wholly owned subsidiary of Meide, which is in turn controlled by Mr. Kong, the controlling shareholder of the Company, who holds 172,600,000 shares in the Company representing 39.79% of the issued share capital in the Company. Therefore Thai Steel Pipe is a connected person of the Company under the Listing Rules. As such, under Chapter 14A of the Listing Rules, the transactions contemplated under the Lease Agreement constitute a one-off connected transaction of the Company.

Given that the highest applicable percentage ratio in respect of the value of the right-of-use assets under the Lease Agreement exceeds 0.1% but is less than 5%, the transactions contemplated under the Lease Agreement are subject to the reporting, and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Other than Mr. Kong, none of the Directors had a material interest in the Lease Agreement and the transactions contemplated thereunder, and no Director except for Mr. Kong had abstained from voting on the relevant board resolutions of the Company.

DEFINITIONS

Unless the context otherwise requires, the terms used in this announcement shall have the following meanings:

“Board”	the board of the Directors
“Company”	Maike Tube Industry Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 01553)
“Delta Power”	A company incorporated in Thailand with limited liability on 13 January 2021. Delta Power is an indirect non-wholly owned subsidiary of the Company, which is indirectly held by the Company and two other independent third parties, each to 71%, 19% and 10% of the shareholding, respectively
“Directors”	the director(s) of the Company
“Group”	The Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong

“HKFRS”	Hong Kong Financial Reporting Standards
“Jinan Gong Chuang Meide”	Jinan Gong Chuang Meide Corporate Management Partnership (Limited Partnership)* (濟南共創玫德企業管理合夥企業 (有限合夥)), a limited partnership established under the laws of the PRC on 18 August 2016. As at the date of this announcement, Mr. Kong held 6.50% of the limited partnership interest in and is the general partner of Jinan Gong Chuang Meide, which in turn owns 64.51% of Meide
“Lease Agreement”	The lease agreement dated 31 March 2021 entered into between Thai Steel Pipe as Lessor and Delta Power as Lessee in respect of the Premises
“Listing Rules”	means the rules governing the listing of securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“Meide”	Meide Group Co., Ltd.* (玫德集團有限公司), a company established under the laws of the PRC as a limited liability company on 17 January 1992
“Mr. Kong”	Mr. Kong Linglei (孔令磊), one of the controlling shareholders, the chairman and executive Director of the Company. Mr. Kong is holding approximately 39.79% of the total issued share capital of the Company as at the date of this announcement Mr. Kong obtained control of Meide through owning 100% interests of Ningbo Ming De and being the general partner of Jinan Gong Chuang Meide
“Ningbo Ming De”	Ningbo Ming De Heng Sheng Investment Limited (寧波明德恒生投資有限公司), a company established under the laws of the PRC as a limited liability company on 15 August 2016. As of the date of this announcement, Ningbo Ming De is wholly-owned by Mr. Kong, which in turn owns 35.49% of Meide
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Premises”	A factory facility located at building No. 149-204-206 located in Moo 13, Petchkasem Road, Om-Noi Sub-district, Krathum Baen District, Thailand Samut Sakhon Province
“Rent”	the amount payable by Delta Power (as Lessee) to Thai Steel Pipe (as Lessor) for the right to use the Premises during the term of the Lease Agreement
“Thai Steel Pipe”	A company incorporated in Thailand with limited liability on 11 July 1977. Thai Steel Pipe is an indirect wholly owned subsidiary of Meide and is held by Ningbo Mingde and Jinan Gong Chuang Meide by 35.49% and 64.51% respectively
“THB”	Thai Bhat, the lawful currency of Thailand

In this announcement, the terms “associate”, “connected person”, “controlling shareholder”, “percentage ratios”, “independent third party (ies)”, and “subsidiary” have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

For the purpose of this announcement and for reference only, the exchange rate of HKD 1 to THB 4.01725 is adopted.

By Order of the Board
Maikē Tube Industry Holdings Limited
Kong Linglei
Chairman and Executive Director

Hong Kong, 31 March 2021

As at the date of this announcement, the executive Directors are Mr. KONG Linglei, Mr. GUO Lei, Mr. XU Jianjun and Mr. YANG Shufeng; the non-executive Director is Ms. ZHAO Xuelian; and the independent non-executive Directors are Mr. LIU Fengyuan, Mr. DING Xiaodong and Mr. MA Changcheng.

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