

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.



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)

VOLUNTARY ANNOUNCEMENT FORMATION OF JOINT VENTURE

This announcement is made by Maikete Tube Industry Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis.

FORMATION OF JOINT VENTURE

The board (“**Board**”) of directors (the “**Directors**”) of the Company hereby announces that on 6 November 2020, Tube Industry Investments Limited (“**Tube Investment**”), a wholly-owned subsidiary of the Company, entered into a joint venture agreement (the “**JV Agreement**”) with JJ Fittings Limited (“**JJ Fittings**”) and The Essence Electrical Products Co. Limited (“**Essence Electrical**”, collectively, the “**JV Partners**”) .

Pursuant to the terms of the JV Agreement, Tube Investment and the JV Partners have agreed to set up a joint venture company (the “**JV Company**”) in Thailand for the purpose of engaging in manufacturing and sales of prefabricated electrical pipe products which are generally used for safety protection in connection with electrical wires. The Group intends to sell such products mainly to overseas customers. The registered capital of the JV Company shall be THB110.0 million (approximately HK\$27.5 million), where Tube Investment, JJ Fittings and Essence Electrical shall respectively contribute in the sums of approximately THB78.1 million (approximately HK\$19.6 million), THB20.9 million (approximately HK\$5.2 million) and THB11.0 million (approximately HK\$2.8 million) in proportion with their proposed shareholding of 71%, 19% and 10% equity interest in the JV Company, respectively. The board of directors of the JV Company (the “**JV Board**”) shall consist of four directors. Tube Investment shall be entitled to nominate three directors and the JV Partners are entitled to nominate one director. The chairman of the JV Company shall be elected by members of the JV Board. The Group shall be responsible for the

operations and management of the JV Company. The JV Agreement shall lapse if the formation of the JV Company is not approved by the relevant local competent authority within six months from the date of the JV Agreement.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

The Group is principally engaged in the manufacturing and selling of standard prefabricated pipe nipple products and steel pipe products.

It has been the Group's business strategy to explore new customers and expand its markets from time to time in order to increase the value of the Company by diversifying its product offerings. Based on industry knowledge and experience of the Directors, they believe that there will be business opportunities and demand for prefabricated electrical pipe products in the overseas market. Given the JV Partners' stable customer base and extensive experience in the operations, technical standards and quality control of prefabricated electrical products, and that the manufacture process for prefabricated electrical pipe products are similar to the Group's standard prefabricated pipe nipple products, the Directors believe that the Group will be able to expand its market share and bring about new business opportunities for the Group, and also build a strong business relationship with the JV Partners through the cooperation in the joint venture.

The terms of the JV Agreement were determined after arm's length negotiations between Tube Investment and the JV Partners. The Board considers that the terms of the JV Agreement are on normal commercial terms and fair and reasonable, and such formation of JV Company is in the interests of the Company and its shareholders as a whole.

INFORMATION OF THE JV PARTNERS

JJ Fittings is a private limited company incorporated in Hong Kong and principally engages in the procurement and sales of prefabricated electrical pipe products.

Essence Electrical is a private limited company incorporated in Hong Kong and principally engages in the procurement and sales of prefabricated electrical pipe products.

To the best knowledge, information and belief of the Directors, having made all reasonable enquires, JJ Fittings and Essence Electrical and their respective ultimate beneficial owners are independent third parties and not connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) of the Company as at the date of this announcement.

GENERAL

As none of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the formation of the JV Company exceed 5%, the entering into of the JV Agreement does not constitute a notifiable transaction of the Company under Chapter 14 of Listing Rules.

Shareholders and potential investors of the Company should note that the formation of the JV Company is subject to the regulatory approval from relevant competent regulatory authorities in Thailand, which may or may not be obtained. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 6 November 2020

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.