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Buyang International Holding Inc

步陽國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2457)

CONNECTED TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

PROVISION OF FINANCIAL ASSISTANCE

On 8 May 2023 (after trading hours), 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 Borrower is one of our Controlling Shareholders which is owned as to 70% by Mr. Xu Buyun and 30% by Ms. Chen Jiangyue. The Guarantor is Mr. Xu Buyun, chairman of the Board, a non-executive Director, one of the Controlling Shareholders and the spouse of Ms. Chen Jiangyue.

As such, 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 constitute connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Loan exceed 0.1% but is less than 5%, the Loan Agreement and the transactions contemplated thereunder are therefore subject to the reporting and announcement requirements but are exempt from the circular and independent shareholders' approval requirements under Rule 14A.76(2) of the Listing Rules.

Further, 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 May 2023, 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\$16,000,000 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 May 2023

Parties: the Company (as lender); and
the Borrower (as borrower)

Principal Loan Amount: HK\$16,000,000

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 8 May 2024.

Early repayment terms: (a) The principal amount of the Loan shall be repayable in full on the maturity date, being the date falling 3 years after the date of drawdown of the Loan.

(b) The Borrower may voluntarily repay all or part of the Loan together with accrued interest on the amount being repaid at any time from the date of the Loan Agreement provided that it shall provide not less than ten (10) days' prior written notice specifying the intended date of repayment.

Guarantee: The Guarantor agreed to provide personal guarantee in favour of the Lender to secure the Loan.

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. FUNDING OF THE LOAN

The Group will finance the Loan with the Group's internal resources.

IV. 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 independent banks in Hong Kong for a 1-year fixed deposit; (iii) the repayment capacity of the Borrower is satisfied to the Company in view of it is one of Controlling Shareholders of the Group 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, other than Mr. Xu Buyun and Ms. Xu Jingjun) 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 are fair and reasonable, and in the interests of the Company and its Shareholders taken as a whole.

As Mr. Xu Buyun was considered to have a material interest in the Loan Agreement and the transactions contemplated thereunder, Mr. Xu Buyun had abstained from voting on the relevant resolutions of the Board approving the transactions. Ms. Xu Jingjun, an executive Director and daughter of Mr. Xu Buyun, deputy chairlady of our Board, had also abstained from voting on the relevant resolutions of the Board approving the transactions.

Save as disclosed above, none of the Directors had any material interests in the Loan Agreement and the transactions contemplated thereunder.

V. INFORMATION OF THE PARTIES

The Company is an aluminum alloy automobile wheel manufacturer focusing on the aftermarket which is the market for parts and accessories used in the repair or maintenance of an automobile.

The Borrower is a company incorporated in the BVI, which is owned as to 70% by Mr. Xu Buyun and 30% by Ms. Chen Jiangyue, and is one of our Controlling Shareholders. It is principally engaged in investment holding.

The Guarantor is Mr. Xu Buyun, chairman of our Board, our non-executive Director, one of our Controlling Shareholders and the spouse of Ms. Chen Jiangyue.

VI. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Borrower is one of our Controlling Shareholders, which is owned as to 70% by Mr. Xu Buyun and 30% by Ms. Chen Jiangyue. The Guarantor is Mr. Xu Buyun, chairman of our Board, our non-executive Director, one of our Controlling Shareholders and the spouse of Ms. Chen Jiangyue. As such, 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 connected transaction for the Company pursuant to Chapter 14A of the Listing Rules.

As all the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Loan exceed 0.1% but is less than 5%, the Loan Agreement and the transactions contemplated thereunder are therefore subject to the reporting and announcement requirements but are 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, the following terms shall have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Borrower”	TopSun Investment Holding Company Limited, a company incorporated in the BVI with limited liability and one of our Controlling Shareholder;
“BVI”	British Virgin Islands;

“Company” or “Lender”	Buyang International Holding Inc (步陽國際控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on November 14, 2018, 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;
“Controlling Shareholders”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of the Company;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“Guarantor”	Mr. Xu Buyun, chairman of our Board, our non-executive Director, and one of our Controlling Shareholders;
“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;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	the principal amount of HK\$16,000,000 drawn and for the time being outstanding under the Loan Agreement;
“Loan Agreement”	the loan agreement dated 8 May 2023 entered into between the Lender and the Borrower;
“Share(s)”	ordinary Share(s) of the Company with par value of US\$0.001 each;
“Shareholder(s)”	holder(s) of the Shares;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US\$”	U.S. dollar(s), the lawful currency of the United States; and
“%”	percent.

By order of the Board
Buyang International Holding Inc
Xu Buyun
Chairman

Hong Kong, 8 May 2023

As at the date of this notice, the Board comprises Ms. Xu Jingjun, Mr. Ying Yonghui and Ms. Hu Huijuan as executive Directors; Mr. Xu Buyun and Mr. Zhu Ning as non-executive Directors; and Mr. Fu Yi, Mr. Yeung Man Simon and Mr. Chen Jingeng as independent non-executive Directors.