

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.



XINGFA ALUMINIUM HOLDINGS LIMITED

興發鋁業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 98)

CONTINUING CONNECTED TRANSACTIONS —

- (1) 2024–2026 XINGFA CURTAIN WALL MASTER SUPPLY AGREEMENT;**
- (2) 2024 GUANGDONG FOREIGN TRADING GROUP
MASTER SUPPLY AGREEMENT;**
- (3) 2024 HENAN TENANCY AGREEMENT;**
- (4) 2024 JIANGXI TENANCY AGREEMENT;**
- (5) 2024–2026 ENGINEERING SERVICE AGREEMENT; AND**
- (6) 2024–2026 HAZARDOUS WASTE PROCESSING SERVICE AGREEMENT**

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcements of the Company dated 30 September 2020, 17 October 2021, 30 December 2022 and 16 October 2023 in connection with the Existing CCT Agreements. Given that the Existing CCT Agreements will expire on 31 December 2023 and the continuing connected transactions contemplated thereunder will continue on an on-going basis, on 29 December 2023,

- (i) Guangdong Xingfa, an indirect wholly-owned subsidiary of the Company, and Xingfa Curtain Wall entered into the 2024–2026 Xingfa Curtain Wall Master Supply Agreement;
- (ii) Guangdong Xingfa and Guangdong Foreign Trading entered into the 2024 Guangdong Foreign Trading Group Master Supply Agreement;
- (iii) Henan Xingfa, an indirect wholly-owned subsidiary of the Company, and Henan Jingxing entered into the 2024 Henan Tenancy Agreement;

- (iv) Jiangxi Xingfa, an indirect wholly-owned subsidiary of the Company, and Jiangxi Jingxing entered into the 2024 Jiangxi Tenancy Agreement;
- (v) Guangdong Xingfa and Xingfa Curtain Wall entered into the 2024–2026 Engineering Service Agreement; and
- (vi) Guangdong Xingfa and Xingfa Environmental entered into the 2024–2026 Hazardous Waste Processing Service Agreement.

IMPLICATIONS UNDER THE LISTING RULES

(1) 2024–2026 Xingfa Curtain Wall Master Supply Agreement

As at the date of this announcement, Xingfa Curtain Wall is owned as to 21% by Mr. LIAO Yuqing, an executive Director and a substantial Shareholder, and as to 46% by Mr. LUO Su, the Honourable Adviser of the Group and the father-in-law of Mr. LIAO Yuqing, and therefore, Xingfa Curtain Wall is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2024–2026 Xingfa Curtain Wall Master Supply Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio relating to the Annual Caps for the continuing connected transactions contemplated under the 2024–2026 Xingfa Curtain Wall Master Supply Agreement exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the 2024–2026 Xingfa Curtain Wall Master Supply Agreement are subject to the reporting, announcement and annual review requirements but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(2) 2024 Guangdong Foreign Trading Group Master Supply Agreement

As at the date of this announcement, Guangdong Foreign Trading is an indirect non-wholly owned subsidiary of Guangxin Holding, which is a controlling Shareholder and indirectly interested in approximately 31.47% of the total issued share capital of the Company. Therefore, Guangxin Holding is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2024 Guangdong Foreign Trading Group Master Supply Agreement constitutes continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio relating to the Annual Cap, for the continuing connected transactions contemplated under the 2024 Guangdong Foreign Trading Group Master Supply Agreement exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the 2024 Guangdong Foreign Trading Group Master Supply Agreement are subject to the reporting, announcement and annual review requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(3) 2024 Henan Tenancy Agreement

As at the date of this announcement, Henan Jingxing is an indirect non-wholly owned subsidiary of China Lesso, a substantial Shareholder and therefore, Henan Jingxing is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2024 Henan Tenancy Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio relating to the Annual Cap for the continuing connected transactions contemplated under the 2024 Henan Tenancy Agreement, either standalone or when aggregated with 2024 Jiangxi Tenancy Agreement, exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the 2024 Henan Tenancy Agreement are subject to the reporting, announcement and annual review requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(4) 2024 Jiangxi Tenancy Agreement

As at the date of this announcement, Jiangxi Jingxing is an indirect non-wholly owned subsidiary of China Lesso, a substantial Shareholder, and therefore, Jiangxi Jingxing is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2024 Jiangxi Tenancy Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio relating to the Annual Cap for the continuing connected transactions contemplated under the 2024 Jiangxi Tenancy Agreement, either standalone or when aggregated with 2024 Henan Tenancy Agreement, exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the 2024 Jiangxi Tenancy Agreement are subject to the reporting, announcement and annual review requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(5) 2024–2026 Engineering Service Agreement

As at the date of this announcement, Xingfa Curtain Wall is owned as to 21% by Mr. LIAO Yuqing, an executive Director and a substantial Shareholder, and as to 46% by Mr. LUO Su, the Honourable Adviser of the Group and the father-in-law of Mr. LIAO Yuqing, and therefore, Xingfa Curtain Wall is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2024–2026 Engineering Service Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio relating to the Annual Caps for the continuing connected transactions contemplated under the 2024–2026 Engineering Service Agreement exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the 2024–2026 Engineering Service Agreement are subject to the reporting, announcement and annual review requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(6) 2024–2026 Hazardous Waste Processing Service Agreement

As at the date of this announcement, Xingfa Environmental is an indirect non-wholly owned subsidiary of China Lesso, a substantial Shareholder and therefore, Xingfa Environmental is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2024–2026 Hazardous Waste Processing Service Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio relating to the Annual Caps for the continuing connected transactions contemplated under the 2024–2026 Hazardous Waste Processing Service Agreement exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the 2024–2026 Hazardous Waste Processing Service Agreement are subject to the reporting, announcement and annual review requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Given that the Existing CCT Agreements will expire on 31 December 2023 and the continuing connected transactions contemplated thereunder will continue on an on-going basis, on 29 December 2023, the 2024–2026 Xingfa Curtain Wall Master Supply Agreement, the 2024 Guangdong Foreign Trading Group Master Supply Agreement, the 2024 Henan Tenancy Agreement, the 2024 Jiangxi Tenancy Agreement, the 2024–2026 Engineering Service Agreement and 2024–2026 Hazardous Waste Processing Service Agreement were entered into by the respective parties thereto.

Details of each of the 2024–2026 Xingfa Curtain Wall Master Supply Agreement, the 2024 Guangdong Foreign Trading Group Master Supply Agreement, the 2024 Henan Tenancy Agreement, the 2024 Jiangxi Tenancy Agreement, the 2024–2026 Engineering Service Agreement and the 2024–2026 Hazardous Waste Processing Service Agreement are set out below.

(1) 2024–2026 XINGFA CURTAIN WALL MASTER SUPPLY AGREEMENT

Date : 29 December 2023

Parties : (i) Guangdong Xingfa Group (as supplier); and
(ii) Xingfa Curtain Wall (as purchaser)

Duration

The 2024–2026 Xingfa Curtain Wall Master Supply Agreement is for a term of three years from 1 January 2024 to 31 December 2026 (both dates inclusive).

Subject matter

Pursuant to the 2024–2026 Xingfa Curtain Wall Master Supply Agreement, Guangdong Xingfa Group members agreed to sell to Xingfa Curtain Wall aluminium profiles and/or panels specified by Xingfa Curtain Wall. The aluminium profiles and/or panels to be purchased by Xingfa Curtain Wall will be further processed into windows and curtain walls and sold to its customers. There is no minimum supply amount under the 2024–2026 Xingfa Curtain Wall Master Supply Agreement and any Guangdong Xingfa Group member is not contractually bound to supply, in response to a purchase order placed, to Xingfa Curtain Wall any products referred to in the purchase order. The aluminium profiles and/or panels to be supplied by the Guangdong Xingfa Group to Xingfa Curtain Wall will be in accordance with the specifications of Xingfa Curtain Wall if accepted by the Guangdong Xingfa Group, on a case-by-case basis.

Pricing and payment terms

Under the 2024–2026 Xingfa Curtain Wall Master Supply Agreement, the prices, payment terms, specifications and detailed terms with respect to the aluminium profiles and/or panels to be sold by Guangdong Xingfa Group members shall be determined in accordance with the specific orders to be agreed between Guangdong Xingfa Group members and Xingfa Curtain Wall which shall be on normal commercial terms negotiated on an arm's length basis by the parties with reference to the prevailing market prices of aluminium profiles and/or panels and at prices and terms (including the payment terms) no more favourable to Xingfa Curtain Wall than prices and terms (including the payment terms) of sale of such aluminium profiles and/or panels by the Guangdong Xingfa Group to other independent customers.

As aluminium profiles and/or panels of different specifications will be required by Xingfa Curtain Wall from order to order, the actual transaction prices of such aluminium profiles and/or panels will be determined by Guangdong Xingfa Group with reference to the prevailing price of aluminium ingots, taking into account of the prevailing price of aluminium ingots as quoted on Guangdong Nanhai Nonferrous Metals Market (if the order is placed with Guangdong Xingfa) or Shanghai Changjiang Nonferrous Metals Market (if the order is placed with a subsidiary of Guangdong Xingfa), and the related processing costs of processing aluminium ingots to the required aluminium profiles and/or panels. The relevant sales department of Guangdong Xingfa Group will approve the proposed transactions to ensure that the aluminium profiles and/or panels to be supplied to Xingfa Curtain Wall are of comparable prices for such products being supplied to independent third parties.

Historical figures

For the year ended 31 December 2021, 31 December 2022 and the eleven months ended 30 November 2023, the Group's sale of aluminium profiles and/or panels to Xingfa Curtain Wall amounted to approximately RMB132,872,000 (equivalent to approximately HK\$146,159,200), RMB90,410,000 (equivalent to approximately HK\$99,451,000) and RMB55,657,000 (equivalent to approximately HK\$61,222,700).

Annual Caps

The Annual Caps in respect of the transactions contemplated under the 2024–2026 Xingfa Curtain Wall Master Supply Agreement for each of the Year 2024, Year 2025 and Year 2026 are as follows:

	Year 2024	Year 2025	Year 2026
Annual Cap (RMB)	111,000,000	114,000,000	117,000,000

The above Annual Caps are estimated primarily with reference to:

- (1) the historical sales amount of aluminium profiles and/or panels sold by Guangdong Xingfa Group to Xingfa Curtain Wall;
- (2) the projected sales volume of aluminium profiles and/or panels to Xingfa Curtain Wall will increase in Year 2024, Year 2025 and Year 2026;
- (3) the projected purchase price of aluminium ingots;
- (4) the projected processing fee for processing aluminium ingots into aluminium profiles and panels; and
- (5) the recovery of general market demand for aluminium profiles and/or panels from the COVID-19,

and on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group. In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Annual Caps for the 2024–2026 Xingfa Curtain Wall Master Supply Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Internal controls

The relevant management personnel from the sales department of the Group will undertake the following internal control measures (item (1) to item (4)) to monitor the pricing and terms of the transactions contemplated under the 2024–2026 Xingfa Curtain Wall Master Supply Agreement and ensure that the prices and terms offered by

Guangdong Xingfa Group to Xingfa Curtain Wall will be no more favourable than prices and terms offered to independent customers and that the Annual Caps are not exceeded:

- (1) monitoring the prevailing average price of aluminium ingots as quoted on Guangdong Nanhai Nonferrous Metals Market and Shanghai Changjiang Nonferrous Metals Market on a daily basis;
- (2) comparing the price and terms of the supply of aluminium profiles to Xingfa Curtain Wall with the prices and terms of aluminium profiles supplied by the Group in the PRC as agreed with independent customers on a monthly basis;
- (3) adhering to the relevant internal control policy of the Group on connected transactions in monitoring the price and terms of supply of aluminium profiles offered by Guangdong Xingfa Group to Xingfa Curtain Wall to ensure that they shall be no more favourable than those offered by the Group to independent customers;
- (4) a monthly financial report which contains information on all connected transactions carried out by the Group, including the continuing connected transactions under the 2024–2026 Xingfa Curtain Wall Master Supply Agreement, will be submitted to the Board;
- (5) the independent non-executive Directors will review and confirm that the pricing and terms of the transactions contemplated under the 2024–2026 Xingfa Curtain Wall Master Supply Agreement are in the Group’s ordinary and usual course of business and are fair and reasonable to the Group and in the interests of the Shareholders and the Group as a whole on terms no more favourable than prices and terms offered to independent customers on an annual basis; and
- (6) the auditors of the Company will review the pricing and terms of the transactions contemplated under the 2024–2026 Xingfa Curtain Wall Master Supply Agreement and Annual Caps of such continuing connected transactions in compliance with the annual reporting and review requirements under the Listing Rules on an annual basis.

Reasons for and benefits of the 2024–2026 Xingfa Curtain Wall Master Supply Agreement

The Group is principally engaged in the manufacture and sale of aluminium products, which is the main sales income stream of the Group, while Xingfa Curtain Wall is principally engaged in the decoration, design, production and installation of curtain wall, door and window projects made from aluminium profiles. Since 2011, the Group

has from time to time supplied aluminium profiles and/or panels to Xingfa Curtain Wall. As the prices offered by the Group to Xingfa Curtain Wall have been comparable to those offered to independent customers after taking into account the quantity, specifications and the expected date of delivery of the aluminium profiles and/or panels ordered, the Directors (including the independent non-executive Directors) consider that it is in the interest of the Shareholders and the Group as a whole to enter into the 2024–2026 Xingfa Curtain Wall Master Supply Agreement and continue to supply aluminium profiles and/or panels to Xingfa Curtain Wall.

(2) 2024 GUANGDONG FOREIGN TRADING GROUP MASTER SUPPLY AGREEMENT

Date : 29 December 2023

Parties : (i) Guangdong Xingfa Group (as supplier); and
(ii) Guangdong Foreign Trading Group (as purchaser)

Duration

The 2024 Guangdong Foreign Trading Group Master Supply Agreement is for a term of one year from 1 January 2024 to 31 December 2024 (both dates inclusive).

Subject matter

Pursuant to the 2024 Guangdong Foreign Trading Group Master Supply Agreement, Guangdong Xingfa Group members, as suppliers, agreed to sell to Guangdong Foreign Trading Group members, as purchasers, aluminium profiles and/or panels specified by members of the Guangdong Foreign Trading Group. The aluminium profiles and/or panels to be purchased by Guangdong Foreign Trading Group members will be further processed into building materials, interior decoration products and renovation and installation materials and sold to their customers. There is no minimum supply amount under the 2024 Guangdong Foreign Trading Group Master Supply Agreement and any Guangdong Xingfa Group member is not contractually bound to supply, in response to a purchase order placed, to any Guangdong Foreign Trading Group member any products referred to in any purchase order. The aluminium profiles and/or panels to be supplied by Guangdong Xingfa Group to Guangdong Foreign Trading Group will be in accordance with the specifications of Guangdong Foreign Trading Group members if accepted by the Guangdong Xingfa Group members, on a case-by-case basis.

Pricing and payment terms

Under the 2024 Guangdong Foreign Trading Group Master Supply Agreement, the prices, payment terms, specifications and detailed terms with respect to the aluminium profiles and/or panels to be sold by Guangdong Xingfa Group members shall be determined in accordance with the specific orders to be agreed between Guangdong Xingfa Group members and Guangdong Foreign Trading Group members, which shall be on normal commercial terms negotiated on an arm's length basis by the parties with reference to the prevailing market prices of aluminium profiles and/or panels and at prices and terms (including the payment terms) no more favourable to Guangdong Foreign Trading Group than prices and terms (including the payment terms) of sale of such aluminium profiles and/or panels by the Guangdong Xingfa Group to other independent customers.

As aluminium profiles and/or panels of different specifications will be required by Guangdong Foreign Trading Group from order to order, the actual transaction prices of such aluminium profiles and/or panels will be determined by Guangdong Xingfa Group with reference to the prevailing price of aluminium ingots, taking into account of the prevailing price of aluminium ingots as quoted on Guangdong Nanhai Nonferrous Metals Market and the related processing costs of processing aluminium ingots to the required aluminium profiles and/or panels. The relevant sales department of Guangdong Xingfa Group will approve the proposed transactions to ensure that the aluminium profiles and/or panels to be supplied to Guangdong Foreign Trading Group members are of comparable prices for such products being supplied to independent third parties.

Historical figures

The Group did not have any transaction with Guangdong Foreign Trading Group members in respect of the supply of aluminium profiles and/or panels prior to 1 March 2023. The aggregate historical transactions in connection with the supply of aluminium profiles and/or panels to Guangdong Foreign Trading Group members for the nine months from 1 March 2023 to 30 November 2023 amounted to approximately RMB4,931,000 (equivalent to approximately HK\$5,424,100).

Annual Cap

The Annual Cap for the sales transactions of aluminium profiles and/or panels to be sold by Guangdong Xingfa Group to Guangdong Foreign Trading Group for the Year 2024 will be approximately RMB80,000,000 (equivalent to approximately HK\$88,000,000). Such Annual Cap is estimated primarily with reference to:

- (1) the historical sales amount of aluminium profiles and/or panels sold by Guangdong Xingfa Group to Guangdong Foreign Trading Group members;
- (2) the projected sales volume of aluminium profiles and/or panels to Guangdong Foreign Trading Group members for the Year 2024;
- (3) the projected purchase price of aluminium ingots;
- (4) the projected processing fee for processing aluminium ingots into aluminium profiles and panels; and
- (5) the recovery of general market demand for aluminium profiles and/or panels from the COVID-19,

and on the principal assumptions that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Annual Cap for the 2024 Guangdong Foreign Trading Group Master Supply Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Internal controls

The relevant management personnel from the sales department of the Group will undertake the following internal control measures (item (1) to item (4)) to monitor the pricing and terms of the transactions contemplated under the 2024 Guangdong Foreign Trading Group Master Supply Agreement and ensure that the prices and terms offered by Guangdong Xingfa Group to Guangdong Foreign Trading Group will be no more favourable than prices and terms offered to independent customers and that the Annual Cap is not exceeded:

- (1) monitoring the prevailing average price of aluminium ingots as quoted on Guangdong Nanhai Nonferrous Metals Market on a daily basis;

- (2) comparing the prices and terms of the supply of aluminium profiles and/or panels to Guangdong Foreign Trading Group with the prices and terms of aluminium profiles and/or panels supplied by the Group in the PRC as agreed with independent customers on a monthly basis;
- (3) adhering to the relevant internal control policy of the Group on connected transactions in monitoring the prices and terms of supply of aluminium profiles and/or panels offered by Guangdong Xingfa Group to Guangdong Foreign Trading Group members to ensure that they shall be no more favourable than those offered by the Group to independent customers;
- (4) a monthly financial report which contains information on all connected transactions carried out by the Group, including the continuing connected transactions under the 2024 Guangdong Foreign Trading Group Master Supply Agreement, will be submitted to the Board;
- (5) the independent non-executive Directors will review and confirm that the pricing and terms of the transactions contemplated under the 2024 Guangdong Foreign Trading Group Master Supply Agreement are in the Group's ordinary and usual course of business and are fair and reasonable to the Group and in the interests of the Shareholders and the Group as a whole, on terms no more favourable than prices and terms offered to independent customers on an annual basis; and
- (6) the auditors of the Company will review the pricing and terms of the transactions contemplated under the 2024 Guangdong Foreign Trading Group Master Supply Agreement and the Annual Cap of such continuing connected transactions in compliance with the annual reporting and review requirements under the Listing Rules on an annual basis.

Reasons for and benefits of the 2024 Guangdong Foreign Trading Group Master Supply Agreement

The Group has been supplying aluminium profiles and/or panels to Guangdong Foreign Trading Group since March 2023 in its ordinary and usual course of business. The Group is one of the leading aluminium profiles manufacturers in the PRC with advanced research and development capability. Guangdong Foreign Trading Group plans to purchase aluminium profiles and/or panels from the Group in its ordinary course of business on an on-going basis. As it is in the ordinary and usual course of business of the Group to supply aluminium profiles and/or panels to Guangdong Foreign Trading Group and the prices and terms offered by the Group to Guangdong Foreign Trading Group will not be more favourable to Guangdong Foreign Trading Group than those offered to independent customers, therefore the Directors (including

the independent non-executive Directors) consider that it is in the interest of the Shareholders and the Group as a whole to enter into the 2024 Guangdong Foreign Trading Master Supply Agreement and to supply aluminium profiles and/or panels to Guangdong Foreign Trading Group on an on-going basis.

(3) 2024 HENAN TENANCY AGREEMENT

Date : 29 December 2023

Parties

(i) Landlord : Henan Xingfa

(ii) Tenant : Henan Jingxing

Subject matter : Henan Xingfa has agreed to lease the production plant and related facilities located at Property Henan to Henan Jingxing.

Use : The welding, assembling, recycling and maintenance of aluminium panels which are applied as construction materials and the sale of such aluminium panels.

Term : A fixed term of one year commencing from 1 January 2024 to 31 December 2024 (both dates inclusive).

Rent : A monthly rent of RMB269,344 (equivalent to approximately HK\$296,278) (tax exclusive).

The monthly rent under the 2024 Henan Tenancy Agreement was arrived at after arm's length negotiations between the parties thereto with reference to the prevailing market rents at similar locations.

Historical figures

For the two years ended 31 December 2021 and 31 December 2022 and the eleven months ended 30 November 2023, the rental amount (tax exclusive) of property leased by the Group to Henan Jingxing was approximately RMB2,728,176 (equivalent to approximately HK\$3,000,994), RMB3,171,889 (equivalent to approximately HK\$3,489,078) and RMB2,907,564 (equivalent to approximately HK\$3,198,320) respectively.

Annual Cap

The Annual Cap for the transactions contemplated under the 2024 Henan Tenancy Agreement for the Year 2024 will be RMB3,232,128 (equivalent to approximately HK\$3,555,341).

The above Annual Cap is arrived at by translating the monthly rent of RMB269,344 (equivalent to approximately HK\$296,278) (tax exclusive) into the rent receivable (tax exclusive) by Henan Xingfa for the Year 2024 under the 2024 Henan Tenancy Agreement.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Annual Cap for the 2024 Henan Tenancy Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Reasons for and benefits of the 2024 Henan Tenancy Agreement

In view of the stable rental income generated under the 2023 Henan Tenancy Agreement as well as the rental income expected to be generated under the 2024 Henan Tenancy Agreement and the rent and terms under the 2024 Henan Tenancy Agreement will not be more favourable to Henan Jingxing than those offered to independent tenants, the Directors (including the independent non-executive Directors) consider that the entering into the 2024 Henan Tenancy Agreement is in the interests of the Company and its Shareholders as a whole.

(4) 2024 JIANGXI TENANCY AGREEMENT

Date : 29 December 2023

Parties

(i) Landlord : Jiangxi Xingfa

(ii) Tenant : Jiangxi Jingxing

Subject matter : Jiangxi Xingfa has agreed to lease the production plant and related facilities located at Property Jiangxi to Jiangxi Jingxing.

Use : The manufacturing of aluminium panels.

Term : A fixed term of one year commencing from 1 January 2024 to 31 December 2024 (both dates inclusive).

Rent : A monthly rent of RMB358,044 (equivalent to approximately HK\$393,848) (tax exclusive).

The monthly rent under the 2024 Jiangxi Tenancy Agreement was arrived at after arm's length negotiations between the parties thereto with reference to the prevailing market rents at similar locations.

Historical figures

For the two years ended 31 December 2021 and 2022 and the eleven months ended 30 November 2023, the rental amount (tax exclusive) of property leased by the Group to Jiangxi Jingxing was approximately RMB3,654,852 (equivalent to approximately HK\$4,020,337), RMB4,296,528 (equivalent to approximately HK\$4,726,181) and RMB3,938,484 (equivalent to approximately HK\$4,332,332) respectively.

Annual Cap

The Annual Cap for the transactions contemplated under the 2024 Jiangxi Tenancy Agreement for the Year 2024 will be RMB4,296,528 (equivalent to approximately HK\$4,726,181).

The above Annual Cap is arrived at by translating the monthly rent of RMB358,044 (equivalent to approximately HK\$393,848) (tax exclusive) into rent receivable (tax exclusive) by Jiangxi Xingfa for the Year 2024 under the 2024 Jiangxi Tenancy Agreement.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Annual Cap for the 2024 Jiangxi Tenancy Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Reasons for and benefits of the 2024 Jiangxi Tenancy Agreement

In view of the stable rental income generated under the 2023 Jiangxi Tenancy Agreement as well as the rental income expected to be generated under the 2024 Jiangxi Tenancy Agreement and the rent and terms under the 2024 Jiangxi Tenancy Agreement will not be more favourable to Jiangxi Jingxing than those offered to independent tenants, the Directors (including the independent non-executive Directors) consider that the entering into the 2024 Jiangxi Tenancy Agreement is in the interests of the Company and its Shareholders as a whole.

Internal Controls — 2024 Tenancy Agreements

The relevant management personnel from the sales department of the Group will undertake the following internal control measures (item (1) to item (3)) to monitor the rents and terms of the transactions contemplated under each of the 2024 Henan Tenancy Agreement and the 2024 Jiangxi Tenancy Agreement and ensure that the rents and terms offered by the respective Landlords to the Tenants thereunder will be no more favourable than rents and terms offered to independent tenants and that the related Annual Caps are not exceeded:

- (1) monitoring the prevailing market rents at similar locations of each of Property Henan and Property Jiangxi on a quarterly basis;
- (2) adhering to the relevant internal control policy of the Group on connected transactions in monitoring the rents under the 2024 Tenancy Agreements to ensure that they shall be no more favourable than those offered by the Group to independent tenants;
- (3) a monthly financial report which contains information on all connected transactions carried out by the Group, including the continuing connected transactions under the 2024 Tenancy Agreements, will be submitted to the Board;
- (4) the independent non-executive Directors will review and confirm that the rents and terms under each of the 2024 Henan Tenancy Agreement and 2024 Jiangxi Tenancy Agreement are fair and reasonable to the Group and in the interests of the Shareholders and the Group as a whole, on terms no more favourable than rents and terms offered to independent tenants on an annual basis; and
- (5) the auditors of the Company will review the rents and terms under each of the 2024 Henan Tenancy Agreement and 2024 Jiangxi Tenancy Agreement and the Annual Caps of such continuing connected transactions in compliance with the annual reporting and review requirements under the Listing Rules on an annual basis.

(5) 2024–2026 ENGINEERING SERVICE AGREEMENT

Date : 29 December 2023

Parties : (i) Guangdong Xingfa Group (as purchaser); and
(ii) Xingfa Curtain Wall (as service provider)

Duration

The 2024–2026 Engineering Service Agreement is for a term of three years from 1 January 2024 to 31 December 2026 (both dates inclusive).

Subject matter

Pursuant to the 2024–2026 Engineering Service Agreement, Xingfa Curtain Wall agreed to provide Engineering Services to Guangdong Xingfa Group members. The types of engineering services to be provided by Xingfa Curtain Wall will be in accordance with the specifications as requested by Guangdong Xingfa Group members, on a case-by-case basis. The 2024–2026 Engineering Service Agreement is a non-exclusive agreement, during which Guangdong Xingfa Group members may engage other third parties to provide them with the Engineering Services and Xingfa Curtain Wall may also provide the Engineering Services to other third parties.

Pricing and payment terms

Under the 2024–2026 Engineering Service Agreement, the service fees, payment terms, specifications and other detailed terms with respect to the Engineering Services to be provided by Xingfa Curtain Wall to Guangdong Xingfa Group members shall be determined in accordance with the specific orders to be agreed between Guangdong Xingfa Group members and Xingfa Curtain Wall which shall be on normal commercial terms negotiated on an arm's length basis by the parties with reference to the prevailing market service fees of the provision of engineering services which are identical to or comparable to such Engineering Services and at service fees and terms (including the payment terms) no less favourable than service fees and terms (including the payment terms) of provision of the Engineering Services to Guangdong Xingfa Group members by other independent suppliers.

As different engineering services will be required by Guangdong Xingfa Group members from order to order, for the purpose of a master agreement, it would not be commercially practicable for Guangdong Xingfa to agree with Xingfa Curtain Wall the specific service fee of any of the Engineering Services under the 2024–2026 Engineering Service Agreement. The relevant sales department of Guangdong Xingfa Group will approve the proposed transactions to ensure that the Engineering Services to be provided by Xingfa Curtain Wall are of comparable fees for similar or identical engineering services being provided by independent third parties.

Historical figures

The Group did not have any transaction with Xingfa Curtain Wall in respect of the provision of Engineering Services before 30 June 2021. The aggregate historical transactions in connection with the provision of Engineering Services by Xingfa Curtain Wall to Guangdong Xingfa Group for the period from 1 July 2021 to 31 December 2021, the year ended 31 December 2022 and the eleven months ended 30 November 2023 amounted to approximately RMB8,400,000 (equivalent to approximately HK\$9,240,000), RMB6,278,000 (equivalent to approximately HK\$6,905,800) and RMB2,110,000 (equivalent to approximately HK\$2,321,000) respectively.

Annual Caps

The Annual Cap in respect of the transactions contemplated under the 2024–2026 Engineering Service Agreement for each of the Year 2024, Year 2025 and Year 2026 will be RMB7,500,000 (equivalent to approximately HK\$8,250,000). Such Annual Caps are estimated on the principal assumption that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and primarily with reference to:

- (1) the historical transaction amount in connection to the provision of the Engineering Services to Guangdong Xingfa Group by Xingfa Curtain Wall;
- (2) the projected amount of service fees in respect of the Engineering Services to be provided by Xingfa Curtain Wall to Guangdong Xingfa Group for the Year 2024, Year 2025 and Year 2026;
- (3) the projected prevailing market service fees in connection with the provision of engineering services which are identical to or comparable to the Engineering Services; and
- (4) the projected costs (such as labour costs) in relation to the provision of Engineering Services.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Annual Caps for the 2024–2026 Engineering Service Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Internal controls

The relevant management personnel from the sales department of the Group will undertake the following internal control measures (item (1) to item (4)) to monitor the pricing and terms of the transactions contemplated under the 2024–2026 Engineering Service Agreement and ensure that the service fees and terms offered by Xingfa Curtain Wall to Guangdong Xingfa Group will be no less favourable than service fees and terms offered to Guangdong Xingfa Group by independent suppliers and that the Annual Caps are not exceeded:

- (1) monitoring the prevailing average market service fee of engineering service which is identical to or comparable to the Engineering Services;
- (2) comparing the service fees and terms of the provision of Engineering Services by Xingfa Curtain Wall with the service fees and terms of the provision of engineering services in the PRC as agreed with or quoted by independent suppliers on a monthly basis;
- (3) adhering to the relevant internal control policy of the Group on connected transactions in monitoring the service fees and terms of provision of Engineering Services by Xingfa Curtain Wall to Guangdong Xingfa Group to ensure that they shall be no less favourable than those offered by independent suppliers;
- (4) a monthly financial report which contains information on all connected transactions carried out by the Group, including the continuing connected transactions under the 2024–2026 Engineering Service Agreement, will be submitted to the Board;
- (5) the independent non-executive Directors will review and confirm that the pricing and terms of the transactions contemplated under the 2024–2026 Engineering Service Agreement are fair and reasonable to the Group and in the interests of the Shareholders and the Group as a whole on terms no less favourable than service fees and terms offered by independent suppliers on an annual basis; and
- (6) the auditors of the Company will review the pricing and terms of the transactions contemplated under the 2024–2026 Engineering Service Agreement and Annual Caps of such continuing connected transactions in compliance with the annual reporting and review requirements under the Listing Rules on an annual basis.

Reasons for and benefits of entering into the 2024–2026 Engineering Service Agreement

It is one of the development plans of the Group to optimize the production facilities so as to increase its production capacity. The Group engages Xingfa Curtain Wall to provide the Engineering Services for its production facilities. Although it is not in the ordinary course of business of the Group to enter into transactions contemplated under the 2024–2026 Engineering Service Agreement, taking into account that the service fees and terms to be offered by Xingfa Curtain Wall would be no less favourable than those offered by independent suppliers and the credentials of Xingfa Curtain Wall, the Directors (including the independent non-executive Directors) consider that it is in the interest of the Shareholders and the Group as a whole to enter into the 2024–2026 Engineering Service Agreement.

(6) 2024–2026 HAZARDOUS WASTE PROCESSING SERVICE AGREEMENT

Date : 29 December 2023

Parties : (i) Guangdong Xingfa Group (as purchaser); and
(ii) Xingfa Environmental (as service provider)

Duration

The 2024–2026 Hazardous Waste Processing Service Agreement is for a term of three years from 1 January 2024 to 31 December 2026 (both dates inclusive).

Subject matter

Pursuant to the 2024–2026 Hazardous Waste Processing Service Agreement, Xingfa Environmental agreed to provide Hazardous Waste Processing Services to Guangdong Xingfa Group members. The types of hazardous waste processing services to be provided by Xingfa Environmental will be in accordance with the specifications as requested by Guangdong Xingfa Group members, on a case-by-case basis. The 2024–2026 Hazardous Waste Processing Service Agreement is a non-exclusive agreement, during which Guangdong Xingfa Group members may engage other third parties to provide them with the Hazardous Waste Processing Services and Xingfa Environmental may also provide the Hazardous Waste Processing Services to other third parties.

Pricing and payment terms

Under the 2024–2026 Hazardous Waste Processing Service Agreement, the service fees, payment terms, specifications and other detailed terms with respect to the Hazardous Waste Processing Services to be provided by Xingfa Environmental to Guangdong Xingfa Group members shall be determined in accordance with the specific orders to be agreed between Guangdong Xingfa Group members and Xingfa Environmental which shall be on normal commercial terms negotiated on an arm's length basis by the parties with reference to the prevailing market service fees of the provision of hazardous waste processing services which are identical to or comparable to such Hazardous Waste Processing Services, and at service fees and terms (including the payment terms) no less favourable than service fees and terms (including the payment terms) of provision of the Hazardous Waste Processing Services to Guangdong Xingfa Group members by other independent suppliers.

As different hazardous waste processing services will be required by Guangdong Xingfa Group members from order to order, for the purpose of a master agreement, it would not be commercially practicable for Guangdong Xingfa to agree with Xingfa Environmental the specific service fee of any of the Hazardous Waste Processing Services under the 2024–2026 Hazardous Waste Processing Service Agreement. The relevant sales department of Guangdong Xingfa Group will approve the proposed transactions to ensure that the Hazardous Waste Processing Services to be provided by Xingfa Environmental are of comparable fees for similar or identical hazardous waste processing services being provided by independent third parties.

Historical figures

The Group did not have any transaction with Xingfa Environmental in respect of the provision of Hazardous Waste Processing Services before 30 November 2021. The aggregate historical transactions in connection with the provision of Hazardous Waste Processing Services by Xingfa Environmental to Guangdong Xingfa Group for the period from 1 December 2021 to 31 December 2021, the year ended 31 December 2022 and eleven months ended 30 November 2023 amounted to approximately RMB334,000 (equivalent to approximately HK\$367,400), RMB2,166,000 (equivalent to approximately HK\$2,382,600) and RMB2,788,000 (equivalent to approximately HK\$3,066,800) respectively.

Annual Caps

The Annual Cap in respect of the transactions contemplated under the 2024–2026 Hazardous Waste Processing Service Agreement for each of the Year 2024, Year 2025 and Year 2026 will be RMB15,000,000 (equivalent to approximately HK\$16,500,000).

Such Annual Caps are estimated on the principal assumption that, for the duration of the projected period, there will not be any adverse change or disruption in market conditions, operation and business environment or government policies which may materially affect the businesses of the Group and primarily with reference to:

- (1) the historical transaction amount in connection to the provision of the Hazardous Waste Processing Services to Guangdong Xingfa Group by Xingfa Environmental;
- (2) the projected amount of service fees in respect of the Hazardous Waste Processing Services to be provided by Xingfa Environmental to Guangdong Xingfa Group for the Year 2024, Year 2025 and Year 2026;
- (3) the projected prevailing market service fees in connection with the provision of hazardous waste processing services which are identical to or comparable to the Hazardous Waste Processing Services for the Year 2024, Year 2025 and Year 2026; and
- (4) the projected costs (such as transportation costs) in relation to the provision of Hazardous Waste Processing Services for the Year 2024, Year 2025 and Year 2026.

In view of the above, the Directors (including the independent non-executive Directors) are of the view that the Annual Caps for the 2024–2026 Hazardous Waste Processing Service Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Internal controls

The relevant management personnel from the sales department of the Group will undertake the following internal control measures (item (1) to item (4)) to monitor the pricing and terms of the transactions contemplated under the 2024–2026 Hazardous Waste Processing Service Agreement and ensure that the service fees and terms offered by Xingfa Environmental to Guangdong Xingfa Group will be no less favourable than service fees and terms offered to Guangdong Xingfa Group by independent suppliers and that the Annual Caps are not exceeded:

- (1) monitoring the prevailing average market service fee of hazardous waste processing services which is identical to or comparable to the Hazardous Waste Processing Services;

- (2) comparing the service fees and terms of the provision of Hazardous Waste Processing Services by Xingfa Environmental with the service fees and terms of the provision of hazardous waste processing services in the PRC as agreed with or quoted by independent suppliers on a monthly basis;
- (3) adhering to the relevant internal control policy of the Group on connected transactions in monitoring the service fees and terms of provision of Hazardous Waste Processing Services by Xingfa Environmental to Guangdong Xingfa Group to ensure that they shall be no less favourable than those offered by independent suppliers;
- (4) a monthly financial report which contains information on all connected transactions carried out by the Group, including the continuing connected transactions under the 2024–2026 Hazardous Waste Processing Service Agreement, will be submitted to the Board;
- (5) the independent non-executive Directors will review and confirm that the pricing and terms of the transactions contemplated under the 2024–2026 Hazardous Waste Processing Service Agreement are fair and reasonable to the Group and in the interests of the Shareholders and the Group as a whole on terms no less favourable than service fees and terms offered by independent suppliers on an annual basis; and
- (6) the auditors of the Company will review the pricing and terms of the transactions contemplated under the 2024–2026 Hazardous Waste Processing Service Agreement and Annual Caps of such continuing connected transactions in compliance with the annual reporting and review requirements under the Listing Rules on an annual basis.

Reasons for and benefits of entering into the 2024–2026 Hazardous Waste Processing Service Agreement

The hazardous waste generated in the production of the Group has to be handled by companies with relevant capabilities and specialities. Accordingly, the Group engages Xingfa Environmental to provide the Hazardous Waste Processing Services for its production. Although it is not in the ordinary course of business of the Group to enter into transactions contemplated under the 2024–2026 Hazardous Waste Processing Service Agreement, taking into account that the service fees and terms to be offered by Xingfa Environmental thereunder would be no less favourable than those offered by independent suppliers and the credentials of Xingfa Environmental, the Directors

(including the independent non-executive Directors) consider that it is in the interest of the Shareholders and the Group as a whole to enter into the 2024–2026 Hazardous Waste Processing Service Agreement.

INFORMATION ON THE PARTIES

(i) The Group

The Group is principally engaged in (i) the manufacturing and sale of aluminium products; and (ii) sale of completed properties.

(ii) Guangdong Xingfa

Guangdong Xingfa is a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company. Guangdong Xingfa is principally engaged in the business of manufacturing and sale of aluminium profiles.

(iii) China Lesso

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, China Lesso is a company incorporated in the Cayman Islands with limited liability and is interested in approximately 26.11% of the issued shares of the Company through Lesso Group Holdings Limited, its direct wholly-owned subsidiary. Accordingly, China Lesso is a substantial Shareholder.

The principal business activity of China Lesso is investment holding. The principal business activities of China Lesso Group are the manufacture and sale of building materials and home improvement products; sale of products and provision of services relating to new energy business; the provision of renovation and installation works, environmental engineering and other related services, financial services and property rental and other related services.

(iv) Henan Xingfa

Henan Xingfa, a limited company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company, is principally engaged in the manufacture and sale of aluminium profiles.

(v) Henan Jingxing

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Henan Jingxing, a limited company incorporated in the PRC and an indirect non-wholly owned subsidiary of China Lesso, is principally engaged in the manufacture and sale of aluminium panels.

(vi) Jiangxi Xingfa

Jiangxi Xingfa, a limited company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company, is principally engaged in the manufacture and sale of aluminium profiles.

(vii) Jiangxi Jingxing

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Jiangxi Jingxing, a limited company incorporated in the PRC and an indirect non-wholly owned subsidiary of China Lesso, is principally engaged in the manufacture and sale of aluminium panels.

(viii) Xingfa Curtain Wall

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Xingfa Curtain Wall is a limited company incorporated in the PRC and is owned as to 21% by Mr. LIAO Yuqing, an executive Director and a substantial Shareholder, and as to 46% by Mr. LUO Su, the Honourable Adviser of the Group and the father-in-law of Mr. LIAO Yuqing. The principal business activities of Xingfa Curtain Wall includes the decoration, design, manufacture and installation of doors, windows and curtain walls made by aluminium profiles.

(ix) Guangxin Holding

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Guangxin Holding is (i) a company established in the PRC with limited liability; (ii) directly owned as to 90% by the Guangdong Provincial People's Government* (廣東省人民政府) and 10% by Department of Finance of Guangdong Province* (廣東省財政廳); and (iii) principally engaged in capital investment. As at the date of this announcement, Guangxin Holding is a controlling shareholder of the Company holding approximately 31.47% interest in the Company and therefore Guangxin Holding is a connected person of the Company.

(x) Guangdong Foreign Trading

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Guangdong Foreign Trading is (i) a company incorporated in the PRC with limited liability; (ii) principally engaged in the import and export of kitchen and bathroom fittings and accessories and electrical appliances; and (iii) owned as to 91% by Guangxin Holding, 5% by Guangdong Advertising Group Holding Co., Ltd.* (廣東省廣告集團股份有限公司) and 4% by Guangdong Xingfa.

(xi) Xingfa Environmental

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, Xingfa Environmental is (a) a limited company incorporated in the PRC and is owned as to 40% by Guangdong Xingfa, and as to 60% by Yongbao Environmental, which is an indirect non-wholly owned subsidiary of China Lesso, (b) principally engaged in the processing of solid waste and pollutants and the business of research and development of various environmental protection and waste processing.

By virtue of the aforesaid relationships between the Company and the parties, each of China Lesso, Guangdong Foreign Trading, Henan Jinxing, Jiangxi Jingxing, Xingfa Curtain Wall and Xingfa Environmental is a connected person of the Company under the Listing Rules.

VIEWS OF THE DIRECTORS

2024–2026 Xingfa Curtain Wall Master Supply Agreement

The Directors (including the independent non-executive Directors) are of the view that the 2024–2026 Xingfa Curtain Wall Master Agreement is entered into in the ordinary course of business of the Group and the terms thereof are on normal commercial terms, fair and reasonable to the Group and in the interests of the Shareholders and the Group as a whole. The Directors (including the independent non-executive Directors) also confirm that the related Annual Caps set out in this announcement are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, in respect of the 2024–2026 Xingfa Curtain Wall Master Supply Agreement, Mr. LIAO Yuqing, an executive Director and a substantial Shareholder, is a shareholder of Xingfa Curtain Wall who may be deemed to have a material interest in the 2024–2026 Xingfa Curtain Wall Master Supply Agreement and the transactions

contemplated thereunder. Therefore, Mr. LIAO Yuqing had abstained from voting on the resolutions of the Board to approve the 2024–2026 Curtain Wall Master Supply Agreement and the transactions contemplated thereunder as well as the related Annual Caps.

2024 Guangdong Foreign Trading Group Master Supply Agreement

Taking into account of the reasons for and benefits of entering into the 2024 Guangdong Foreign Trading Group Master Supply Agreement, the Directors (including the independent non-executive Directors) are of the view that the 2024 Guangdong Foreign Trading Group Master Supply Agreement is entered into in the ordinary course of business of the Group and the terms thereof are on normal commercial terms, fair and reasonable to the Group and in the interests of the Shareholders and the Group as a whole. The Directors (including the independent non-executive Directors) also confirm that the related Annual Cap set out in this announcement are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, each of Mr. WANG Li, Mr. WANG Lei and Ms. XIE Jingyun is a Director nominated by Guangxin Holding and each of them may be deemed to have a material interest in the 2024 Guangdong Foreign Trading Group Master Supply Agreement and the transactions contemplated thereunder. As such, each of Mr. WANG Li, Mr. WANG Lei and Ms. XIE Jingyun had abstained from voting on the Board resolutions on approving the 2024 Guangdong Foreign Trading Group Master Supply Agreement and the transactions contemplated thereunder as well as the related Annual Cap.

2024 Tenancy Agreements

The Directors (including the independent non-executive Directors) are of the view that (i) the 2024 Tenancy Agreements are entered into in the ordinary course of business of the Group; and (ii) the terms of each of the 2024 Henan Tenancy Agreement and the 2024 Jiangxi Tenancy Agreement are on normal commercial terms and are fair and reasonable to the Group and in the interests of the Shareholders and the Group as a whole. The Directors (including the independent non-executive Directors) also confirm that the related Annual Caps set out in this announcement are fair and reasonable and in the interests of the Company and the Shareholders taken as a whole.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, in respect of the 2024 Henan Tenancy Agreement and the 2024 Jiangxi Tenancy Agreement, (i) Mr. LUO Jianfeng, an executive Director nominated by China Lesso and an executive director of China Lesso; and (ii) Mr. ZUO Manlun, a non-executive Director nominated by China Lesso and the chief executive officer of China Lesso, may be deemed to have a material interest in the 2024 Henan Tenancy Agreement

and the 2024 Jiangxi Tenancy Agreement, each of Mr. LUO Jianfeng and Mr. ZUO Manlun had abstained from voting on the resolutions of the Board to approve each of the 2024 Henan Tenancy Agreement and the 2024 Jiangxi Tenancy Agreement and the transactions contemplated thereunder as well as their respective Annual Cap.

2024–2026 Engineering Service Agreement

Taking into account the reasons for and benefits of entering into the 2024–2026 Engineering Service Agreement, although it is not in the ordinary course of business of the Group to enter into transactions contemplated under the 2024–2026 Engineering Service Agreement, in view of the service fees and terms to be offered by Xingfa Curtain Wall would be no less favourable than those offered by independent suppliers and the credentials of Xingfa Curtain Wall, the Directors (including the independent non-executive Directors) consider that (i) the terms of the 2024–2026 Engineering Service Agreement are on normal commercial terms, fair and reasonable and in the interests of the Shareholders and the Group as a whole; and (ii) the related Annual Caps set out in this announcement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, by virtue of the relationship between Mr. LIAO Yuqing and Xingfa Curtain Wall as disclosed in this announcement, Mr. LIAO may be deemed to have a material interest in the 2024–2026 Engineering Service Agreement and the transactions contemplated thereunder, Mr. LIAO had abstained from voting on the resolutions of the Board to approve the 2024–2026 Engineering Service Agreement and the transactions contemplated thereunder as well as the related Annual Caps.

2024–2026 Hazardous Waste Processing Service Agreement

Having considered the reasons for and benefits of entering into the 2024–2026 Hazardous Waste Processing Service Agreement, although it is not in the ordinary course of business of the Group to enter into transactions contemplated under the 2024–2026 Hazardous Waste Processing Service Agreement, in view of the service fees and terms to be offered by Xingfa Environmental would be no less favourable than those offered by independent suppliers and the credentials of Xingfa Environmental, the Directors (including the independent non-executive Directors) are of the view that (i) the terms of the 2024–2026 Hazardous Waste Processing Service Agreement are on normal commercial terms, fair and reasonable and in the interests of the Shareholders and the Group as a whole; and (ii) the related Annual Caps set out in this announcement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, in respect of the 2024–2026 Hazardous Waste Processing Service Agreement, (i) Mr. LUO Jianfeng, an executive Director nominated by China Lesso and an executive director of China Lesso; and (ii) Mr. ZUO Manlun, a non-executive Director nominated by China Lesso and the chief executive officer of China Lesso, may be deemed to have a material interest in the 2024–2026 Hazardous Waste Processing Service Agreement and the transactions contemplated thereunder, each of Mr. LUO Jianfeng and Mr. ZUO Manlun had abstained from voting on the resolutions of the Board to approve the 2024–2026 Hazardous Waste Processing Service Agreement and the transactions contemplated thereunder as well as the related Annual Caps.

IMPLICATIONS UNDER THE LISTING RULES

(1) 2024–2026 Xingfa Curtain Wall Master Supply Agreement

As at the date of this announcement, Xingfa Curtain Wall is owned as to 21% by Mr. LIAO Yuqing, an executive Director and a substantial Shareholder, and as to 46% by Mr. LUO Su, the Honourable Adviser of the Group and the father-in-law of Mr. LIAO Yuqing, and therefore, Xingfa Curtain Wall is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2024–2026 Xingfa Curtain Wall Master Supply Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio relating to the Annual Caps for the continuing connected transactions contemplated under the 2024–2026 Xingfa Curtain Wall Master Supply Agreement exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the 2024–2026 Xingfa Curtain Wall Master Supply Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(2) 2024 Guangdong Foreign Trading Group Master Supply Agreement

As at the date of this announcement, Guangdong Foreign Trading is an indirect non-wholly owned subsidiary of Guangxin Holding, which is a controlling Shareholder and indirectly interested in approximately 31.47% of the total issued share capital of the Company. Therefore, Guangxin Holding is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2024 Guangdong Foreign Trading Group Master Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio relating to the Annual Cap for the continuing connected transactions contemplated under the 2024 Guangdong Foreign Trading Group Master Supply Agreement exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the 2024 Guangdong Foreign Trading Group Master Supply Agreement are subject to the reporting, announcement and annual review requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(3) 2024 Henan Tenancy Agreement

As at the date of this announcement, Henan Jingxing is an indirect non-wholly owned subsidiary of China Lesso, a substantial Shareholder, and therefore, Henan Jingxing is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2024 Henan Tenancy Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio relating to the Annual Cap for the continuing connected transactions contemplated under the 2024 Henan Tenancy Agreement, either standalone or when aggregated with 2024 Jiangxi Tenancy Agreement, exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the 2024 Henan Tenancy Agreement are subject to the reporting, announcement and annual review requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(4) 2024 Jiangxi Tenancy Agreement

As at the date of this announcement, Jiangxi Jingxing is an indirect wholly-owned subsidiary of China Lesso, a substantial Shareholder, and therefore, Jiangxi Jingxing is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2024 Jiangxi Tenancy Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio relating to the Annual Cap for the continuing connected transactions contemplated under the 2024 Jiangxi Tenancy Agreement, either standalone or when aggregated with 2024 Henan Tenancy Agreement, exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the 2024 Jiangxi Tenancy Agreement are subject to the reporting, announcement and annual review requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(5) 2024–2026 Engineering Service Agreement

As at the date of this announcement, Xingfa Curtain Wall is owned as to 21% by Mr. LIAO Yuqing, an executive Director and a substantial Shareholder, and as to 46% by Mr. LUO Su, the Honourable Adviser of the Group and the father-in-law of Mr. LIAO Yuqing, and therefore, Xingfa Curtain Wall is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2024–2026 Engineering Service Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio relating to the Annual Caps for the continuing connected transactions contemplated under the 2024–2026 Engineering Service Agreement exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the 2024–2026 Engineering Service Agreement are subject to the reporting, announcement and annual review requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(6) 2024–2026 Hazardous Waste Processing Service Agreement

As at the date of this announcement, Xingfa Environmental is an indirect non-wholly owned subsidiary of China Lesso, a substantial Shareholder, and therefore, Xingfa Environmental is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2024–2026 Hazardous Waste Processing Service Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio relating to the Annual Caps for the continuing connected transactions contemplated under the 2024–2026 Hazardous Waste Processing Service Agreement exceeds 0.1% but is less than 5%, the continuing connected transactions under the 2024–2026 Hazardous Waste Processing Service Agreement are subject to the reporting, announcement and annual review requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“2021-2023 Master Supply Agreement”	the master supply agreement dated 30 September 2020 and entered into between Guangdong Xingfa and Xingfa Curtain Wall in relation to the supply of aluminium profiles and/or panels from Guangdong Xingfa to Xingfa Curtain Wall for a term of three years from 1 January 2021 to 31 December 2023 (both dates inclusive)
“2023 Engineering Service Agreement”	the service agreement dated 30 December 2022 and entered into between Guangdong Xingfa and Xingfa Curtain Wall in relation to the provision of Engineering Services to Guangdong Xingfa Group by Xingfa Curtain Wall for a term of one year from 1 January 2023 to 31 December 2023 (both dates inclusive)
“2023 Guangdong Foreign Trading Group Master Supply Agreement”	the master supply agreement dated 16 October 2023 and entered into between Guangdong Xingfa and Guangdong Foreign Trading in relation to the supply of aluminium profiles and/or panels by Guangdong Xingfa Group members to Guangdong Foreign Trading Group members for a term from 16 October 2023 to 31 December 2023 (both dates inclusive)
“2023 Hazardous Waste Processing Service Agreement”	the service agreement dated 30 December 2022 and entered into between Guangdong Xingfa and Xingfa Environmental in relation to the provision of the Hazardous Waste Processing Services to Guangdong Xingfa Group by Xingfa Environmental for a term of one year from 1 January 2023 to 31 December 2023 (both dates inclusive)
“2023 Henan Tenancy Agreement”	the tenancy agreement dated 30 December 2022 and entered into between Henan Xingfa, as landlord, and Henan Jingxing, as tenant, in respect of the leasing of Property Henan for a term of one year from 1 January 2023 to 31 December 2023 (both dates inclusive)

“2023 Jiangxi Tenancy Agreement”	the tenancy agreement dated 30 December 2022 and entered into between Jiangxi Xingfa, as landlord, and Jiangxi Jingxing, as tenant, in respect of the leasing of Property Jiangxi for a term of one year from 1 January 2023 to 31 December 2023 (both dates inclusive)
“2024–2026 Engineering Service Agreement”	the service agreement dated 29 December 2023 and entered into between Guangdong Xingfa and Xingfa Curtain Wall in relation to the provision of Engineering Services to Guangdong Xingfa Group by Xingfa Curtain Wall for a term of three years from 1 January 2024 to 31 December 2026 (both dates inclusive)
“2024–2026 Hazardous Waste Processing Service Agreement”	the service agreement dated 29 December 2023 and entered into between Guangdong Xingfa and Xingfa Environmental in relation to the provision of the Hazardous Waste Processing Services to Guangdong Xingfa Group by Xingfa Environmental for a term of three years from 1 January 2024 to 31 December 2026 (both dates inclusive)
“2024 Guangdong Foreign Trading Group Master Supply Agreement”	the master supply agreement dated 29 December 2023 and entered into between Guangdong Xingfa and Guangdong Foreign Trading in relation to the supply of aluminium profiles and/or panels by Guangdong Xingfa Group members to Guangdong Foreign Trading Group members for a term of one year from 1 January 2024 to 31 December 2024 (both dates inclusive)
“2024 Tenancy Agreements”	collectively, the 2024 Henan Tenancy Agreement and the 2024 Jiangxi Tenancy Agreement
“2024 Henan Tenancy Agreement”	the tenancy agreement dated 29 December 2023 and entered into between Henan Xingfa, as landlord, and Henan Jingxing, as tenant, in respect of the leasing of Property Henan for a term of one year from 1 January 2024 to 31 December 2024 (both dates inclusive)

“2024 Jiangxi Tenancy Agreement”	the tenancy agreement dated 29 December 2023 and entered into between Jiangxi Xingfa, as landlord, and Jiangxi Jingxing, as tenant, in respect of the leasing of Property Jiangxi for a term of one year from 1 January 2024 to 31 December 2024 (both dates inclusive)
“2024–2026 Xingfa Curtain Wall Master Supply Agreement”	the master supply agreement dated 29 December 2023 and entered into between Guangdong Xingfa and Xingfa Curtain Wall in relation to the supply of aluminium profiles and/or panels from Guangdong Xingfa to Xingfa Curtain Wall for a term of three years from 1 January 2024 to 31 December 2026 (both dates inclusive)
“Annual Cap(s)”	the maximum aggregate annual transaction values in respect of the continuing connected transactions contemplated under (1) the 2024–2026 Xingfa Curtain Wall Master Supply Agreement; (2) the 2024 Guangdong Foreign Trading Group Master Supply Agreement; (3) the 2024 Henan Tenancy Agreement; (4) the 2024 Jiangxi Tenancy Agreement; (5) the 2024–2026 Engineering Service Agreement; and (6) the 2024–2026 Hazardous Waste Processing Service Agreement (as the case may be)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“China Lesso”	China Lesso Group Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2128). As at the date of this announcement, China Lesso is interested in approximately 26.11% equity interest of the Company through its direct wholly-owned subsidiary

“China Lesso Group”	China Lesso, its subsidiaries and/or any company in the issued share capital of which China Lesso and/or any of its subsidiaries taken together are directly or indirectly interested so as to exercise or control the exercise of 30% (or such other threshold as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings from time to time
“Company”	Xingfa Aluminium Holdings Limited, a company incorporated in the Cayman Islands 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
“Engineering Services”	certain engineering services including but not limited to the installation of doors, windows and curtain walls provided or to be provided by Xingfa Curtain Wall to Guangdong Xingfa Group members pursuant to the 2023 Engineering Service Agreement and/or the 2024–2026 Engineering Service Agreement (as the case may be)
“Existing CCT Agreements”	collectively, the 2021-2023 Master Supply Agreement, the 2023 Guangdong Foreign Trading Group Master Supply Agreement, the 2023 Henan Tenancy Agreement, the 2023 Jiangxi Tenancy Agreement, the 2023 Engineering Service Agreement and the 2023 Hazardous Waste Processing Service Agreement
“Group”	the Company and its subsidiaries from time to time
“Guangdong Foreign Trading”	廣東省外貿開發有限公司 (Guangdong Province Foreign Trading Development Co., Limited*), a company established in the PRC with limited liability, which is (i) owned as to 4% by Guangdong Xingfa and (ii) a non-wholly owned subsidiary of Guangxin Holding
“Guangdong Foreign Trading Group”	Guangdong Foreign Trading and its subsidiaries from time to time

“Guangdong Nanhai Nonferrous Metals Market”	being the unofficial English translation of 南海有色（靈通）
“Guangdong Xingfa”	廣東興發鋁業有限公司 (unofficial English translation being Guangdong Xingfa Aluminium Co., Ltd.), a wholly foreign-owned enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company
“Guangdong Xingfa Group”	Guangdong Xingfa and its subsidiaries from time to time
“Guangxin Holding”	廣東省廣新控股集團有限公司 (Guangdong Province Guangxin Holding Group Co., Ltd.*), a company established in the PRC with limited liability and ultimately owned as to 90% by 廣東省人民政府 (Guangdong Provincial People’s Government*) and 10% by 廣東省財政廳 (Department of Finance of Guangdong Province*)
“Guangzhou Jingxing”	廣州景興建築科技有限公司 (unofficial English translation being Guangzhou Jingxing Construction Technology Co., Ltd.), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of China Lesso
“Guangzhou Jingxing Group”	Guangzhou Jingxing and its subsidiaries
“Hazardous Waste Processing Services”	certain hazardous waste processing and disposal services provided or to be provided by Xingfa Environmental to Guangdong Xingfa Group members pursuant to the 2023 Hazardous Waste Processing Service Agreement and/or 2024–2026 Hazardous Waste Processing Service Agreement (as the case may be)
“Henan Jingxing”	河南省景興鋁模板製造有限公司 (unofficial English translation being Henan Province Jingxing Aluminium Panel Manufacturing Co., Ltd.), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of China Lesso

“Henan Xingfa”	廣東興發鋁業(河南)有限公司 (unofficial English translation being Guangdong Xingfa Aluminium (Henan) Co., Ltd.), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Jiangxi Jingxing”	江西省景興鋁模板製造有限公司 (unofficial English translation being Jiangxi Province Jingxing Aluminium Panel Manufacturing Co., Ltd.), a limited liability company established in the PRC and an indirect non-wholly owned subsidiary of China Lesso
“Jiangxi Xingfa”	廣東興發鋁業(江西)有限公司 (unofficial English translation being Guangdong Xingfa Aluminium (Jiangxi) Co., Ltd.), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“Landlords”	collectively, Henan Xingfa and Jiangxi Xingfa
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property Henan”	中國河南省沁陽市沁北工業集聚區 (unofficial English translation being Qinbei Industrial District, Qinyang City, Henan Province, the PRC)
“Property Jiangxi”	中國江西省宜春經濟技術開發區經發大道21號 (unofficial English translation being No. 21, Jingfa Road, Yichun Economic Development Zone, Jiangxi Province, the PRC)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	shares of the Company of HK\$0.01 each
“Shanghai Changjiang Nonferrous Metals”	being the unofficial English translation of 長江有色

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers of Hong Kong
“Tenants”	collectively, Henan Jingxing and Jiangxi Jingxing
“Xingfa Curtain Wall”	廣東興發幕牆門窗有限公司 (unofficial English translation being Guangdong Xingfa Curtain Wall, Door & Window Co., Ltd.), a limited liability company established in the PRC and is owned as to 21% by Mr. LIAO Yuqing and as to 46% by Mr. LUO Su as at the date of this announcement
“Xingfa Environmental”	廣東興發環境科技有限公司 (unofficial English translation being Guangdong Xingfa Environmental Technology Co., Ltd.), a company established in the PRC with limited liability and is owned as to 60% by Yongbao Environmental, which is in turn an indirect non-wholly owned subsidiary of China Lesso, the substantial Shareholder, and owned as to 40% by Guangdong Xingfa as at the date of this announcement
“Year 2024”	a period of one year from 1 January 2024 to 31 December 2024 (both dates inclusive)
“Year 2025”	a period of one year from 1 January 2025 to 31 December 2025 (both dates inclusive)
“Year 2026”	a period of one year from 1 January 2026 to 31 December 2026 (both dates inclusive)
“Yongbao Environmental”	江蘇永葆環保科技股份有限公司 (unofficial English translation being Jiangsu Yongbao Environmental Technology Co., Ltd.), a company established in the PRC with limited liability and an indirect non-wholly owned subsidiary of China Lesso
“%”	per cent.

For the purpose of illustration only, the amounts denominated in RMB have been translated into HK\$ using the exchange rate of RMB1:HK\$1.1. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates at all.

On behalf of the Board
Xingfa Aluminium Holdings Limited
WANG Li
Chairman

29 December 2023

As at the date of this announcement, the directors of the Company are as follows:

Executive Directors:

Mr. WANG Li (*Chairman*)
Mr. LIAO Yuqing (*Chief Executive Officer*)
Mr. WANG Lei
Mr. LAW Yung Koon
Mr. WANG Zhihua
Mr. LUO Jianfeng

Non-executive Directors:

Mr. ZUO Manlun
Ms. XIE Jingyun

Independent non-executive Directors:

Mr. CHEN Mo
Mr. HO Kwan Yiu
Mr. LAM Ying Hung, Andy
Mr. WEN Xianjun