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KANGLI INTERNATIONAL HOLDINGS LIMITED
康利國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 06890)

(1) DISCLOSEABLE AND CONNECTED TRANSACTION: RENEWAL OF FINANCIAL ASSISTANCE – THE LOAN AGREEMENT; (2) CONNECTED TRANSACTION: PROPERTY ACQUISITION OPTION; AND (3) APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

DISCLOSEABLE AND CONNECTED TRANSACTION: RENEWAL OF FINANCIAL ASSISTANCE – THE LOAN AGREEMENT

On 28 February 2023, the 2023 Loan Agreement was entered into amongst Jiangnan Precision, as lender, Jiangnan Tiehejin, as borrower, and Mr. Mei, as guarantor. Pursuant to the 2023 Loan Agreement, Jiangnan Precision has agreed to grant the Loan in the principal amount of RMB20,000,000 to Jiangnan Tiehejin for a term of 3 years commencing from the 2023 Drawdown Date. Assuming that the last condition precedent, being the passing of the necessary resolution by the Independent Shareholders at the EGM to approve the Loan Agreement and the transactions contemplated thereunder (i.e. conditions precedent (d)), will be fulfilled on 23 March 2026, the amount of interest income to be received under the 2023 Loan Agreement with an interest rate of 5.5% per annum for the period from the 2023 Drawdown Date up to 23 March 2026 is approximately RMB3.2 million.

Pursuant to the 2023 Loan Agreement, Jiangnan Precision and Jiangnan Tiehejin may enter into agreement with terms mutually agreed for the extension of the Loan, subject to compliance with laws and regulations (including the Listing Rules).

On 27 February 2026, the Loan Agreement was entered into amongst Jiangnan Precision, as lender, Jiangnan Tiehejin, as borrower, and Mr. Mei, as guarantor. Pursuant to the Loan Agreement, Jiangnan Precision has agreed to renew the Loan in the principal amount of RMB20,000,000 to Jiangnan Tiehejin for a term of 3 years.

As at the date of this announcement, Jiangnan Tiehejin is owned as to approximately 90.0% by Mr. Mei and approximately 10.0% by Ms. Chen Yunjuan, mother of Mr. Mei. Mr. Mei is one of the Controlling Shareholders and an executive Director. As such, Jiangnan Tiehejin is regarded as a connected person of the Company and the grant of the Loan therefore constitute a connected transaction pursuant to Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined in the Listing Rules) is more than 5% but less than 25%, the transaction contemplated under the Loan Agreement constitute a discloseable (under Chapter 14 of the Listing Rules) and connected transaction (under Chapter 14A of the Listing Rules) of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules and the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

CONNECTED TRANSACTION: PROPERTY ACQUISITION OPTION

Pursuant to the Loan Agreement, one of the conditions precedent to the renewal of the Loan include Jiangnan Precision and Jiangnan Tiehejin having entered into the 2026 Option Agreement. The 2026 Option Agreement was entered into between Jiangnan Precision and Jiangnan Tiehejin on 27 February 2026, pursuant to which the 2023 Option Agreement will be terminated and the Property Acquisition Option will be granted to Jiangnan Precision, at nil consideration, to acquire the Property with reference to the final price under the "commercial–housing pre-sale contract", subject to the fulfillment of all the conditions precedent therein.

The grant of the Property Acquisition Option under the 2026 Option Agreement would be treated as a transaction and classified by reference to the percentage ratios (as defined under the Listing Rules) pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules. The exercise of the Property Acquisition Option is at the discretion of Jiangnan Precision. According to Rules 14.75(1) and 14A.79(2) of the Listing Rules, on the grant of the Property Acquisition Option, only the premium (which is nil) will be taken into consideration for calculating the relevant percentage ratios. The Company will comply with the relevant requirements under the Listing Rules upon the exercise and non-exercise of the Property Acquisition Option (as the case may be).

The Board (including the independent non-executive Directors) has approved the Property Acquisition Option, and confirmed that the terms of the 2026 Option Agreement are fair and reasonable and are on normal commercial terms and in the interests of the Company and the shareholders as a whole.

A circular containing, among other things, (i) further details of the transactions set out herein; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser; (iv) a notice of the EGM; and (v) other information concerning the Company as required under the Listing Rules is expected to be despatched to the Shareholders on or before 6 March 2026.

Shareholders and potential investors should note that the Loan Agreement and the transactions contemplated thereunder are subject to the approval by the Independent Shareholders at the EGM. Mr. Mei and his associates are required to abstain from voting on the grant of the Loan at the EGM.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Loan Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Asian Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement and the transactions contemplated thereunder.

Shareholders and potential investors should note that the renewal of the Loan and the grant of the Property Acquisition Option are subject to the satisfaction of certain conditions and accordingly, the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing the securities of the Company.

DISCLOSEABLE AND CONNECTED TRANSACTION

RENEWAL OF FINANCIAL ASSISTANCE

On 28 February 2023, the 2023 Loan Agreement was entered into amongst Jiangnan Precision, as lender, Jiangnan Tiehejin, as borrower, and Mr. Mei, as guarantor. Pursuant to the 2023 Loan Agreement, Jiangnan Precision has agreed to grant the Loan in the principal amount of RMB20,000,000 to Jiangnan Tiehejin for a term of 3 years commencing from the 2023 Drawdown Date. Assuming that the last condition precedent, being the passing of the necessary resolution by the Independent Shareholders at the EGM to approve the Loan Agreement and the transactions contemplated thereunder (i.e. conditions precedent (d)), will be fulfilled on 23 March 2026, the amount of interest income to be received under the 2023 Loan Agreement with an interest rate of 5.5% per annum for the period from the 2023 Drawdown Date up to 23 March 2026 is approximately RMB3.2 million.

Pursuant to the 2023 Loan Agreement, Jiangnan Precision and Jiangnan Tiehejin may enter into agreement with terms mutually agreed for the extension of the Loan, subject to compliance with laws and regulations (including the Listing Rules) *(Note)*.

Note: The Group has not historically recognised any impairment loss in relation to the Loan.

On 27 February 2026, the Loan Agreement was entered into amongst Jiangnan Precision, as lender, Jiangnan Tiehejin, as borrower, and Mr. Mei, as guarantor. Pursuant to the Loan Agreement, Jiangnan Precision has agreed to renew the Loan in the principal amount of RMB20,000,000 to Jiangnan Tiehejin for a term of 3 years. The principal terms of the Loan Agreement are set out below:

THE LOAN AGREEMENT

Date of agreement	:	27 February 2026
Parties	:	(1) Jiangnan Precision, as lender (2) Jiangnan Tiehejin, as borrower (3) Mr. Mei, as guarantor
Principal	:	RMB20,000,000 *(Note)*
Interest rate	:	4.0% per annum, which is determined with reference to the Group's existing cost of borrowings in the range of approximately 2.4% to 3.1%. All interests accrued pursuant to the Loan Agreement shall be repayable by Jiangnan Tiehejin to Jiangnan Precision at the maturity of the Loan. If Jiangnan Precision chooses to exercise the Property Acquisition Option and Jiangnan Precision and Jiangnan Tiehejin have formally entered into a "commercial-housing pre-sale contract" (《商品房預售合同》) for the acquisition of the Property, the interest calculation in respect of such principal amount shall be adjusted accordingly. If Jiangnan Precision chooses to exercise the Property Acquisition Option, all accrued but unpaid interest arising from the portion of the principal amount of the Loan applied to offset part of the purchase price for the acquisition of the Property pursuant to the Loan Agreement shall be settled in full and paid to Jiangnan Precision on the date of entering into the "commercial-housing pre-sale contract" (《商品房預售合同》).

Note: Pursuant to the Loan Agreement, Jiangnan Tiehejin undertook to repay the interests accrued to Jiangnan Precision pursuant to the 2023 Loan Agreement by 27 April 2026.

The calculation and payment arrangements for the interest accrued on the Loan are as follows: (i) if Jiangnan Precision chooses to exercise the Property Acquisition Option and Jiangnan Precision and Jiangnan Tiehejin have formally entered into a "commercial-housing pre-sale contract"(《商品房預售合同》) for the acquisition of the Property, and all outstanding principal amount of the Loan is applied to offset the purchase price for the acquisition of the Property, interest under the Loan Agreement shall accrue only up to the date of entering the "commercial-housing pre-sale contract"(《商品房預售合同》); (ii) if only part of the outstanding principal amount of the Loan is applied to offset the purchase price for the acquisition of the Property, interest on the portion of the principal amount so applied shall accrue only up to the date of entering the "commercial-housing pre-sale contract"(《商品房預售合同》), whereas interest on the remaining outstanding principal amount not so applied shall accrue up to the date on which the Loan is discharged; and (iii) if Jiangnan Precision does not exercise the Property Acquisition Option or Jiangnan Precision and Jiangnan Tiehejin do not ultimately enter into a "commercial-housing pre-sale contract"(《商品房預售合同》), Jiangnan Tiehejin shall, on the repayment date of the Loan, repay the outstanding principal amount of the Loan together with the interest accrued thereon under the Loan Agreement.

Assuming that the last condition precedent, being the passing of the necessary resolution by the Independent Shareholders at the EGM to approve the Loan Agreement and the transactions contemplated thereunder, will be fulfilled on 23 March 2026, the repayment date of the Loan will be 22 March 2029. The total interest income to be received by Jiangnan Precision under the Loan Agreement is approximately RMB2.4 million (assuming the Property Acquisition Option is not exercised at all).

Conditions precedent : The renewal of the Loan is subject to, among others, the fulfilment of the following conditions precedent:

(a) all acknowledgements, approvals and consents having been obtained from internal or third parties for the transactions contemplated under the Loan Agreement;

(b) the 2026 Option Agreement having been entered into;

(c) if required, the approval from the Stock Exchange on the Loan Agreement and the transactions contemplated thereunder having been obtained and such approval not having been revoked or cancelled and there is no ruling that the Loan will constitute a very substantial acquisition, reverse takeover or extreme transaction;

(d) the passing of the necessary resolution by the Independent Shareholders at the EGM to approve the Loan Agreement and the transactions contemplated thereunder; and

(e) the Loan Agreement and the transactions contemplated thereunder having complied with Listing Rules.

All conditions are non-waivable.

In the event that any of the above conditions is not fulfilled or waived at or prior to the long stop date of the Loan Agreement, being 5:00 p.m. on 27 March 2026 or such later date as mutually agreed by the parties, the Loan Agreement will terminate and Jiangnan Tiehejin shall repay the the principal amount of the Loan under the 2023 Loan Agreement and unpaid interests to Jiangnan Precision before 27 April 2026 and all obligations of Jiangnan Precision and Jiangnan Tiehejin under the Loan Agreement shall cease and determine and neither of them shall have any claim against the other in respect of any matter arising out of or in connection with the Loan Agreement except for any antecedent breach of any obligation and any liabilities under the Loan Agreement.

Repayment	:	The repayment date of the principal amount and all outstanding interests shall be three years from the fulfilment of all the conditions precedent. Assuming that the last condition precedent, being the passing of the necessary resolution by the Independent Shareholders at the EGM to approve the Loan Agreement and the transactions contemplated thereunder (i.e. conditions precedent (d)), will be fulfilled on 23 March 2026, the term of the Loan Agreement will commence on 23 March 2026 and expire on 22 March 2029, and the repayment date of the Loan will be on or before 22 March 2029. Subject to compliance with laws and regulations (including the Listing Rules), Jiangnan Precision and Jiangnan Tiehejin may enter into agreement with terms mutually agreed for the extension of the Loan.
Security	:	The Loan will be secured by the personal guarantee provided by Mr. Mei, pursuant to which Mr. Mei agreed to guarantee to Jiangnan Precision the payment obligation of Jiangnan Tiehejin under the Loan Agreement, which includes but is not limited to the principal amount of the Loan, interest, damage compensation, and liquidated damages, and all costs (including litigation, legal fees and enforcement fees, etc.) attributed from Jiangnan Tiehejin's repayment obligation under the Loan Agreement. The guarantee period shall end when the repayment obligation of Jiangnan Tiehejin under the Loan Agreement is fulfilled.

Event of default	:	If Jiangnan Tiehejin defaults on the repayment of the Loan, Jiangnan Precision has the right to take remedial measures, including (a) requiring Jiangnan Tiehejin to rectify the breach; (b) requiring Jiangnan Tiehejin to bear the losses suffered by Jiangnan Precision; and (c) requiring Jiangnan Tiehejin to immediately repay the Loan and unpaid interests and all fees paid by and all losses incurred by Jiangnan Precision pursuant to the Loan Agreement. Other events of default pursuant to the Loan Agreement include: (i) Jiangnan Tiehejin fails to fully and punctually perform or comply with its obligations under the Loan Agreement; (ii) any representations, warranties and undertaking made or given by Jiangnan Tiehejin pursuant to the Loan Agreement are untrue or misleading in material respects; (iii) any provision of the Loan Agreement becomes invalid, unenforceable or Jiangnan Tiehejin's consent or approval to perform its obligations under the Loan Agreement is revoked or amended for whatever reason; or (iv) any debt of Jiangnan Tiehejin is declared due prior to the expiry of the term; or any guarantee or similar obligation of Jiangnan Tiehejin is not released after the expiry of the term.
Transferability	:	Jiangnan Tiehejin shall not assign or resell any of its obligations or rights under the Loan Agreement, while Jiangnan Precision shall be able to renew, resell and/or transfer all rights and obligations under the Loan Agreement to any of its subsidiaries or its parent company.

PROPERTY ACQUISITION OPTION

2023 Option Agreement

The 2023 Option Agreement was entered into between Jiangnan Precision and Jiangnan Tiehejin on 28 February 2023, pursuant to which the Property Acquisition Option was granted to Jiangnan Precision, at nil consideration, to acquire the Property with reference to the final price under the "commercial–housing pre-sale contract", upon the fulfillment of all the conditions precedent therein.

It is in Jiangnan Precision's sole discretion whether to exercise the Property Acquisition Option under the 2023 Option Agreement. Jiangnan Precision has the right to select which two floors of the New Office Building to be acquired at its sole discretion. The maximum purchase price of the Property upon the exercise of the Property Acquisition Option is capped at RMB22,000,000. The option exercise price of RMB22,000,000 was determined with reference to, among other things, (i) the then prevailing market prices of properties of similar nature and grading available in the localities; and (ii) the then property market sentiment in Changzhou City, Jiangsu Province when the 2023 Option Agreement was entered into.

If Jiangnan Precision chooses to exercise the Property Acquisition Option and Jiangnan Precision and Jiangnan Tiehejin have formally entered into a "commercial-housing pre-sale contract" for the acquisition of the Property, all interests accrued under the 2023 Loan Agreement will be waived, and the principal amount of the loan shall be used to offset part of the purchase price for the acquisition of the Property in case the final purchase price of the Property is higher than the principal amount of the Loan. In the case the final purchase price of the Property is lower than the principal amount of the Loan, any balance of the Loan will be repaid to Jiangnan Precision.

Jiangnan Precision shall (i) notify Jiangnan Tiehejin its decision within 10 working days after the "Housing Pre-sale License"(《房屋預售許可證》) is being issued, and (ii) continue with the property acquisition procedures. Within 20 working days after Jiangnan Precision formally notifies Jiangnan Tiehejin of the floors selection or such later date as mutually agreed by the parties, if Jiangnan Tiehejin has not formally entered into a "commercial-housing pre-sale contract" with Jiangnan Precision, the Property Acquisition Option shall lapse. In the event that the Company requires to obtain Shareholders' approval in relation to the acquisition of the Property in accordance with the Listing Rules upon exercise of the Property Acquisition Option, Jiangnan Tiehejin shall agree to postpone the date of signing of the "commercial-housing pre-sale contract" until such Shareholders' approval is obtained, and Jiangnan Precision shall not be deemed as waiving its rights under the Property Acquisition Option.

2026 Option Agreement

Pursuant to the Loan Agreement, one of the conditions precedent to the renewal of the Loan include Jiangnan Precision and Jiangnan Tiehejin having entered into the 2026 Option Agreement. The 2026 Option Agreement was entered into between Jiangnan Precision and Jiangnan Tiehejin on 27 February 2026, pursuant to which the 2023 Option Agreement will be terminated and the Property Acquisition Option will be granted to Jiangnan Precision, at nil consideration, to acquire the Property with reference to the final price under the "commercial-housing pre-sale contract", subject to the fulfillment of all the conditions precedent therein.

The granting of the Property Acquisition Option is subject to, among others, the fulfilment of the following conditions precedent:

(a) all acknowledgements, approvals and consents having been obtained from internal or third parties for the transactions contemplated under the 2026 Option Agreement;

(b) the Loan Agreement having been entered into and the conditions precedent therein having been fulfilled;

(c) if required, the approval from the Stock Exchange on the Option Agreement and the transactions contemplated thereunder having been obtained and such approval not having been revoked or cancelled and there is no ruling that the Property Acquisition Option will constitute a very substantial acquisition, reverse takeover or extreme transaction;

(d) if required, the passing of the necessary resolution by the Independent Shareholders at the EGM to approve the 2026 Option Agreement and the transactions contemplated thereunder; and

(e) the 2026 Option Agreement and the transactions contemplated thereunder having complied with Listing Rules.

All conditions are non-waivable.

Pursuant to the 2026 Option Agreement, Jiangnan Precision and Jiangnan Tiehejin have agreed, on an equal and voluntary basis, to terminate the 2023 Option Agreement with effect from the date on which all conditions precedent under the 2026 Option Agreement are fulfilled.

It is in Jiangnan Precision's sole discretion whether to exercise the Property Acquisition Option under the 2026 Option Agreement. Jiangnan Precision has the right to select which two floors of the New Office Building to be acquired at its sole discretion. The maximum purchase price of the Property upon the exercise of the Property Acquisition Option is capped at RMB22,000,000. The purchase price of each storey of the Property will not exceed RMB11,000,000. The option exercise price of RMB22,000,000 was determined with reference to, among other things, (i) the then prevailing market prices of properties of similar nature and grading available in the localities; and (ii) the then property market sentiment in Changzhou City, Jiangsu Province when the 2023 Option Agreement was entered into.

If Jiangnan Precision chooses to exercise the Property Acquisition Option and Jiangnan Precision and Jiangnan Tiehejin have formally entered into a "commercial-housing pre-sale contract" for the acquisition of the Property, the calculation of the interest accrued under the Loan Agreement shall be adjusted in accordance with the terms of the Loan Agreement, and the principal amount of the loan shall be used to offset part of the purchase price for the acquisition of the Property in case the final purchase price of the Property is higher than the principal amount of the Loan. In the case the final purchase price of the Property is lower than the principal amount of the Loan, any balance of the Loan will be repaid to Jiangnan Precision.

Jiangnan Precision shall (i) notify Jiangnan Tiehejin its decision within 10 working days after the "Housing Pre-sale License"(《房屋預售許可證》) is being issued, and (ii) continue with the property acquisition procedures. Within 20 working days after Jiangnan Precision formally notifies Jiangnan Tiehejin of the floors selection or such later date as mutually agreed by the parties, if Jiangnan Tiehejin has not formally entered into a "commercial-housing pre-sale contract" with Jiangnan Precision, the Property Acquisition Option shall lapse. In the event that the Company requires to obtain Shareholders' approval in relation to the acquisition of the Property in accordance with the Listing Rules upon exercise of the Property Acquisition Option, Jiangnan Tiehejin shall agree to postpone the date of signing of the "commercial-housing pre-sale contract" until such Shareholders' approval is obtained, and Jiangnan Precision shall not be deemed as waiving its rights under the Property Acquisition Option.

The Property Acquisition Option has a validity of 3 years with effect from the date on which all conditions precedent under the 2026 Option Agreement are fulfilled.

FUNDING OF THE LOAN

The Group had financed the Loan with its general working capital.

INFORMATION ON THE CREDIT RISK TO THE LOAN

The interest rate of 4.0% per annum is determined with reference to, amongst others, the Group's existing cost of borrowings in the range of approximately 2.4% to 3.1% and the low credit risk of the Loan based on the satisfactory credit assessment on the financial strength of Jiangnan Tiehejin and Mr. Mei.

The renewal of the Loan was based on, amongst others, the personal guarantee by Mr. Mei, the credit assessments on the financial strength and repayment ability of Jiangnan Tiehejin. The Group has obtained unaudited financial statements including balance sheets for 2024 and 2025 of Jiangnan Tiehejin and personal financial information from Mr. Mei, including but not limited to bank statements and Mr. Mei's Shares held in the Company through Newrich Limited by virtue of interest in controlled corporation (i.e. 343,220,000 Shares). With regard to unaudited financial statements of Jiangnan Tiehejin, as Jiangnan Tiehejin is a private company incorporated in the PRC, its financial statements are not subject to annual audit requirements under the relevant PRC rules and regulations and therefore, audited financial statements are not available. As advised by Jiangnan Tiehejin, Jiangnan Tiehejin filed its tax return to the relevant PRC authorities based on such unaudited financial information. The Board has reviewed Jiangnan Tiehejin's tax filings for 2024 and 2025 and noted that the figures submitted to the PRC authorities are the same as those of the unaudited financial statements. The Board considers the use of unaudited financial statements for this purpose to be reasonable and adequate.

After taking into account all such factors, the Directors consider that the risks involved in the Loan are relatively low and manageable. The Directors are of the view that the guarantee provided by Mr. Mei can effectively safeguard the interests of the Company and the default risk of the Loan is relatively low.

INFORMATION OF THE PARTIES

The Company is a company incorporated in Cayman Islands with limited liability and is principally engaged in the manufacture and sales of hard steel coil, unpainted galvanised steel products and painted galvanised steel products. Jiangnan Precision, an indirect wholly-owned subsidiary of the Company, is a company established in the PRC and is principally engaged in steel processing.

Mr. Mei is one of the Controlling Shareholders and an executive Director, spouse of Ms. Liu Ping, an executive Director, cousin-in-law of Mr. Xu Chao, an executive Director.

Jiangnan Tiehejin is a company established in the PRC with limited liability and is principally engaged in the processing, production and sales of various types of ferroalloy, including ferrotitanium and ferroaluminium. It is owned as to approximately 90.0% by Mr. Mei and approximately 10.0% by Ms. Chen Yunjuan, mother of Mr. Mei. The unaudited consolidated net current asset value and net asset value of Jiangnan Tiehejin as at 31 December 2024 and 2025, which was the basis of Jiangnan Tiehejin's tax filing, each amounted to over RMB1 billion.

Based on the above, Jiangnan Tiehejin is regarded as a connected person of the Company and the renewal of the Loan therefore constitute a connected transaction pursuant to Chapter 14A of the Listing Rules.

INFORMATION OF THE LAND AND THE PROPERTY

The Land is situated at north of Dongfang Second Road, west of Dongshang Road, Lucheng Street, Changzhou Economic Development Zone, Changzhou City, Jiangsu Province, the PRC. The Land has a site area of approximately 12,581 sq.m.

The New Office Building is being constructed on the Land with a total construction area of approximately 69,000 sq.m., of which the ground floor area and the underground area will be approximately 49,000 sq.m. and 20,000 sq.m., respectively. Based on the current planning, the New Office Building shall consist of a building and annex thereto, of which the building is for office use and the annex thereto is for ancillary and supporting activities. The office area of each storey of the building shall be approximately 1,600 sq.m. Due to the delay for obtaining the regulatory approval from the government authorities, the construction of the New Office Building was delayed and begun in August 2024, and is expected to complete in March 2027 according to the latest timetable provided by Jiangnan Tiehejin. According to Jiangnan Tiehejin, the total construction cost of the New Office Building is expected to be approximately RMB300,000,000.

The Property shall consist of two storeys of office units, each storey being approximately 1,600 sq.m.

REASONS FOR AND BENEFITS OF THE RENEWAL OF THE LOAN AGREEMENT

Renewing of the Loan to Jiangnan Tiehejin provides the Group with an opportunity to continue utilizing its cash resources on a more efficient basis and extend its source of revenue.

The Loan Agreement comes with the Property Acquisition Option, pursuant to which, the Group is granted the right to purchase the Property at the Group's sole discretion.

The current office of the Group situated at Wuyi County, Hengshanqiao Town, Wujin District, Changzhou City, Jiangsu Province, the PRC is a leased property and it has steadily reached its maximum capacity with limited space for further increase of workstations. The Group is seeking to acquire new property for office use in support of the continued business growth of the Group with a self-owned property.

The Property has a total of approximately 3,200 sq.m. The Directors are of the view that the Property is a suitable target as the size of the Property shall be able to sufficiently increase the office capacity of the Group and be able to satisfy the Group's need for office space in short to medium term. The New Office Building is located at the core business district of Changzhou Economic Development Zone (常州經濟開發區核心商務區), which is a key ongoing project of the Management Committee of the Economic Development Zone (經開區管委會). Further, the Directors believe that the acquisition of the Property will also be able to provide capital appreciation potential to the Group in the long run. As the Economic Development Zone is currently in the development stage, the housing prices are relatively favourable as compared to other developed business districts in Changzhou City, Jiangsu Province.

The Directors consider that it is in the interest of the Group to consider the possible acquisition of the Property in the foreseeable future as office use in order to save future rental expenses. Further, in case that the Property is not to be fully utilized by the Group, the vacant spaces may be leased out on a short-term basis to generate rental income or to be sold out if there are suitable buyers or tenants.

In view of the above, the Directors (excluding the independent non-executive Directors who will express their opinion in the circular) consider the terms of the Loan Agreement and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Jiangnan Tiehejin is owned as to approximately 90.0% by Mr. Mei and approximately 10.0% by Ms. Chen Yunjuan, mother of Mr. Mei. Mr. Mei is one of the Controlling Shareholders and an executive Director. As such, Jiangnan Tiehejin is regarded as a connected person of the Company and the grant of the Loan therefore constitute a connected transaction pursuant to Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined in the Listing Rules) is more than 5% but less than 25%, the transaction contemplated under the Loan Agreement constitute a discloseable (under Chapter 14 of the Listing Rules) and connected transaction (under Chapter 14A of the Listing Rules) of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules and the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The grant of the Property Acquisition Option under the 2026 Option Agreement would be treated as a transaction and classified by reference to the percentage ratios (as defined under the Listing Rules) pursuant to Rules 14.04(1)(b) and 14.73 of the Listing Rules. The exercise of the Property Acquisition Option is at the discretion of Jiangnan Precision. According to Rules 14.75(1) and 14A.79(2) of the Listing Rules, on the grant of the Property Acquisition Option, only the premium (which is nil) will be taken into consideration for calculating the relevant percentage ratios. The Company will comply with the relevant requirements under the Listing Rules upon the exercise and non-exercise of the Property Acquisition Option (as the case may be).

The Board (including the independent non-executive Directors) has approved the Property Acquisition Option, and confirmed that the terms of the 2026 Option Agreement are fair and reasonable and are on normal commercial terms and in the interests of the Company and the shareholders as a whole.

Since Mr. Mei has a material interest in the Loan Agreement, the 2026 Option Agreement and the transactions thereunder through Jiangnan Tiehejin, Mr. Mei and Ms. Liu Ping (spouse of Mr. Mei, one of the Controlling Shareholders and an executive Director) have abstained from voting on the Board resolution on the Loan Agreement, the 2026 Option Agreement and the transactions contemplated thereunder. As Mr. Xu Chao, an executive Director, is a cousin of Ms. Liu Ping and cousin-in-law of Mr. Mei, Mr. Xu Chao has or may be regarded as having a material interest in the Loan Agreement and the 2026 Option Agreement. Hence, Mr. Xu Chao has also abstained from voting in respect of such resolution considered in the meeting of the Board.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to whether the terms of the Loan Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Board is pleased to announce that Asian Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance)) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Loan Agreement and the transactions contemplated thereunder. The appointment of Asian Capital Limited has been approved by the Independent Board Committee.

A letter of advice from Asian Capital Limited to the Independent Board Committee and the Independent Shareholders and the recommendation of the Independent Board Committee regarding the Loan Agreement and the transactions contemplated thereunder will be included in the circular to be despatched to the Shareholders.

A circular containing, among other things, (i) further details of the transactions set out herein; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser; (iv) a notice of the EGM; and (v) other information concerning the Company as required under the Listing Rules is expected to be despatched to the Shareholders on or before 6 March 2026. Shareholders and potential investors should note that the Loan Agreement and the transactions contemplated thereunder are subject to the approval by the Independent Shareholders at the EGM. Mr. Mei and his associates are required to abstain from voting on the grant of the Loan at the EGM.

Shareholders and potential investors should note that the renewal of the Loan and the grant of the Property Acquisition Option are subject to the satisfaction of certain conditions and accordingly, the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing the securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"2023 Drawdown Date"	the date of drawdown of the Loan pursuant to the 2023 Loan Agreement, i.e., 27 April 2023
"2023 Loan Agreement"	the loan agreement dated 28 February 2023 entered into between Jiangnan Precision, Jiangnan Tiehejin and Mr. Mei, pursuant to which Jiangnan Precision granted the Loan to Jiangnan Tihejin for a term of three years commencing from the 2023 Drawdown Date
"2023 Option Agreement"	the property acquisition option agreement dated 28 February 2023, entered into between Jiangnan Precision and Jiangnan Tiehejin, particulars of which are stated in the section headed "Property Acquisition Option – 2023 Option Agreement" in this announcement
"2026 Option Agreement"	the property acquisition option agreement dated 27 February 2026, entered into between Jiangnan Precision and Jiangnan Tiehejin, particulars of which are stated in the section headed "Property Acquisition Option – 2026 Option Agreement" in this announcement
"Articles"	the articles of association of the Company as amended from time to time
"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"close associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Company"	KangLi International Holdings Limited(康利國際控股有限公司), a company incorporated in the Cayman Islands, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 6890)

"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Directors"	the directors of the Company
"EGM"	the extraordinary general meeting of the Company to be convened on 23 March 2026 for the purpose of considering and, if thought fit, approving the Loan Agreement and the transactions contemplated thereunder
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	a committee of the Board comprising all the independent non-executive Directors
"Independent Financial Adviser"	Asian Capital Limited, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders on the Loan Agreement and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders who are not interested or involved in the Loan Agreement and the transactions contemplated thereunder
"Jiangnan Precision"	Jiangsu Jiangnan Precision Metal Material Co., Limited*(江蘇江南精密金屬材料有限公司), a limited liability company established under the laws of PRC and an indirect wholly owned subsidiary of the Company
"Jiangnan Tiehejin"	Jiangsu Jiangnan Tiehejin Co., Limited*(江蘇江南鐵合金有限公司), a limited liability company established under the laws of PRC, which was owned as to 90.0% by Mr. Mei, one of the Controlling Shareholders and an executive Director, 10.0% by Ms. Chen Yunjuan, mother of Mr. Mei, and a connected person of the Company

"Land"	the land parcel situated at north of Dongfang Second Road, west of Dongshang Road, Lucheng Street, Changzhou Economic Development Zone, Changzhou City, Jiangsu Province, the PRC, details of which are set out in the section headed "Information of the Land and the Property" in this announcement
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan"	a loan in the principal sum of RMB20,000,000 granted by Jiangnan Precision to Jiangnan Tiehejin pursuant to the 2023 Loan Agreement
"Loan Agreement"	the renewed loan agreement dated 27 February 2026 entered into between Jiangnan Precision, Jiangnan Tiehejin and Mr. Mei, particulars of which are stated in the section headed "The Loan Agreement" in this announcement
"Mr. Mei"	Mr. Mei Zefeng (梅澤鋒先生), one of the Controlling Shareholders and an executive Director, spouse of Ms. Liu Ping, an executive Director, cousin-in-law of Mr. Xu Chao, an executive Director
"New Office Building"	a new building being constructed on the Land, details of which are set out in the section headed "Information of the Land and the Property" in this announcement
"percentage ratio(s)"	percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction
"PRC"	the People's Republic of China
"Property"	two storeys of the New Office Building in a total of approximately 3,200 sq.m.
"Property Acquisition Option"	the right to exercise an option to acquire the Property, details of which are set out in the sections headed "The Loan Agreement" and "Property Acquisition Option" in this announcement
"RMB"	Renminbi, the lawful currency of the PRC
"Share(s)"	ordinary share(s) of HK$0.001 each in the share capital of the Company

"Shareholder(s)"	holder(s) of the shares of the Company
"sq.m."	square meter
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"%"	per cent

* *For identification purpose only.*

By Order of the Board
KangLi International Holdings Limited
Liu Ping
Chairman

Hong Kong, 27 February 2026

As at the date of this announcement, the Board comprises five executive Directors, being Mr. Mei Zefeng, Ms. Liu Ping, Mr. Zhang Zhihong, Mr. Xu Chao and Ms. Lu Xiaoyu, and three independent non-executive Directors, being Mr. Lau Ying Kit, Mr. Yang Guang and Mr. Cao Cheng.