CHTC FONG'S INTERNATIONAL COMPANY LIMITED
中國恒天立信國際有限公司
(Incorporated in Bermuda with limited liability)
(Stock Code: 641)

POTENTIAL VERY SUBSTANTIAL DISPOSAL TRANSACTION IN RELATION TO DISPOSAL OF THE ENTIRE INTEREST OF A WHOLLY-OWNED SUBSIDIARY THROUGH LISTING-FOR-SALES

POTENTIAL DISPOSAL

On 16 March 2026, the Board proposed to initiate a Listing-for-sales process at the SUPX to dispose of the Sale Shares and Sale Loan. The Base Price is preliminarily set at approximately RMB221.48 million (equivalent to approximately HK$248.12 million). The Potential Disposal constitutes the entire issued share capital of the Target Company and the entire shareholders' loan owed by the Target Company to the Vendor. The principal asset of the Target Company is the Hong Kong Property.

LISTING RULE IMPLICATIONS

Using the preliminary Base Price as the basis for calculation, as the relevant percentage ratios (calculated according to the Listing Rules) in respect of the Potential Disposal are expected to be more than 75%, the Potential Disposal, if materialised, will constitute a very substantial disposal transaction of the Company and is subject to reporting, announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

A circular containing, amongst other things, (i) further information regarding the Potential Disposal; (ii) the HK Valuation Report issued by the Valuer; (iii) a notice of the SGM; and (iv) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 10 April 2026.

As at the date of this announcement, the Potential Disposal has not materialised, the identity of the final purchaser and the final consideration have not been determined, and the Vendor has not signed any definitive agreement. As the Potential Disposal may or may not materialise, the Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.

POTENTIAL DISPOSAL

On 16 March 2026, after trading hours of the Stock Exchange, the Board proposed to initiate a Listing-for-sales process to dispose of the Sale Shares and Sale Loan, which is subject to Shareholders' approval requirements under Chapter 14 of the Listing Rules. As at the date of this announcement, the Sale Shares would represent the entire issued share capital of the Target Company, an indirect wholly-owned subsidiary of the Company, and the Sale Loan would represent the entire shareholders' loan owed by the Target Company to the Vendor. The principal asset of the Target Company is the Hong Kong Property. The Potential Disposal will be conducted at the SUPX in accordance with the PRC laws and regulations.

INFORMATION ON THE POTENTIAL DISPOSAL

PRC laws and regulations governing Listing-for-sales

Pursuant to the proposal, the Vendor will undergo the process of Listing-for-sales at the SUPX. Given that the Company is a state-owned enterprise, any disposal of assets (including but not limited to the pricing thereof) must comply with applicable requirements under the PRC laws and regulations. In particular, the principle of preventing the loss of state-owned assets has been stipulated under article 14 of the Law of the People's Republic of China on the State-Owned Assets of Enterprises* (中華人民共和國企業國有資產法), which provides that a company shall safeguard its shareholders' rights and interests and prevent the loss of state-owned assets. Furthermore, article 13 of the Measures for the Supervision and Administration of the Transactions of State-Owned Assets of Enterprises [2016] No. 32* (企業國有資產交易監督管理辦法[2016]32號) ("**No. 32 Measures**") provides that the transfer of state-owned assets shall, in principle, be conducted openly through a property rights trading market.

The No. 32 Measures and Rules on the Operation of State-Owned Enterprise Asset Transactions [2025] No. 17* (企業國有資產交易操作規則[2025]17號) ("**No. 17 Rules**", together with the No. 32 Measures, the "**Governing Rules and Measures**") further provide for the relevant rules primarily governing the transfer, sale and other transactions of state-owned assets held by enterprises, as more particularly described below.

Date and procedures for the Listing-for-sales

The Listing-for-sales process at the SUPX comprises a preliminary announcement and formal listing. The Vendor will submit to the SUPX announcements relating to the Listing-for-sales setting out including but not limited to: (i) the Base Price and (ii) major terms of the Listing-for-sales.

(a) Preliminary announcement

According to the Governing Rules and Measures, as the Potential Disposal will result in a change of control of the Target Company, a preliminary announcement is required to be published on the website of SUPX for at least 20 working days prior to the formal listing. The Vendor expects to publish the preliminary announcement at the SUPX following publication of this announcement.

(b) Formal listing

It is currently expected that upon the Company having obtained Shareholders' approval of the Potential Disposal at the SGM, the Vendor will commence formal listing by publication on the website of SUPX on or after 28 April 2026.

(c) Listing-for-sales period and process

It is proposed that the Vendor be authorised to undertake the Listing-for-sales for no longer than 12 months from the commencement date of the first formal listing. According to the Governing Rules and Measures, the first publication period of the formal listing will typically last for 20 working days following the date of the formal listing announcement. If no interested transferee registers within the first publication period, the Vendor shall be authorised to extend the publication period by 5 working days each time either at the same Base Price or at a reduced Base Price (as detailed in the section headed "*Consideration and payment terms – (b) Base Price for subsequent Listing-for-sales*") until an interested transferee registers. The Vendor shall not be authorised to undertake any subsequent Listing-for-sales upon the expiration of the 12-month period from the date of the first formal listing announcement without obtaining Shareholders' prior approval.

Pursuant to the Governing Rules and Measures, if no qualified transferee is identified within the 12-month period from the date of the first formal listing, the Vendor will be required to re-commence the procedures for audit and asset appraisal and publish a new formal listing announcement.

(d) Bidding procedures and selection criteria

During the publication period(s), prospective transferees may indicate their interest and register themselves as bidders. If there is only one interested transferee, such transferee will be the final purchaser and the final consideration shall be based on the price quoted by such transferee, provided that it is not lower than the Base Price. If there are two or more prospective transferees, it is proposed that the final purchaser will be determined via online bidding and multiple-round bidding procedures according to the Implementation Measures for Online Bidding published by the SUPX* (深圳聯合產權交易所股份有限公司網絡競價實施辦法). It is also proposed that the final purchaser will be the bidder that offers the highest consideration. Upon completion of such online bidding procedures, if any, the SUPX will notify the Vendor of the identity of the final purchaser. According to the Governing Rules and Measures, within 5 working days from the day following the SUPX notification, the Vendor is required to enter into the Equity Transaction Agreement with such final purchaser.

Subject to the terms of the Equity Transaction Agreement which shall be entered into between the Vendor and the final purchaser, there is no condition precedent for entering into the Potential Disposal.

(e) Additional marketing initiatives to promote investors' participation

In addition to publishing the formal listing at the SUPX, the Company intends to undertake further marketing initiatives following the formal listing, with the aim of promoting participation by prospective buyers in the Listing-for-sales. These efforts may include newspaper advertisements and outreach to prospective buyers through real estate agencies to invite such buyers to participate in the Listing-for-sales at the SUPX, as appropriate and as permitted under the applicable PRC laws and regulations and the SUPX rules and regulations. The Company currently intends to publish advertisements in at least one English language newspaper and one Chinese language newspaper in Hong Kong and/or reach out to no fewer than three major real estate agencies in Hong Kong for this purpose.

The Company will commence these marketing initiatives only after the formal listing publication is made at the SUPX, and no additional information beyond what is contained in the SUPX formal listing announcement will be conveyed. This approach ensures that all investors receive the same information and that all prospective buyers may participate in the Listing-for-sales on equal footing. Accordingly, the Company believes that these marketing initiatives will not impair the fairness of the SUPX bidding procedures and will encourage participation by prospective buyers.

Consideration and payment terms

In light of the Potential Disposal was expected to constitute a very substantial disposal transaction of the Company and given Mr. Fong's comments on how the Group approached valuation (see the section headed "*Reasons for and Benefits of the Potential Disposal – Views of Mr. Fong on the Potential Disposal*"), for the purpose of compliance with Chapter 5 of the Listing Rules and the determination of the Base Price, the Company has commissioned the Valuer (Roma Appraisals Limited), an independent property valuer qualified in Hong Kong, to prepare the valuation of the Sale Shares and Sale Loan. The Hong Kong Property was independently valued by the Valuer at approximately HK$234.2 million as at 31 January 2026, which comprise: (a) the valuation of the Sale Shares as at 31 January 2026 at approximately HK$69.9 million; and (b) the Sale Loan in the amount of approximately HK$164.3 million as at 31 January 2026, the entire amount of which will be assigned to the final purchaser upon completion of the Potential Disposal subject to the terms of the Equity Transaction Agreement.

(a) Preliminary Base Price for the first Listing-for-sales

The Governing Rules and Measures provide that the preliminary Base Price for the first Listing-for-sales shall not be lower than the valuation of the Target Company as approved by or filed with the relevant unit approving the transfer of state-owned assets (being China National Machinery Industry Corporation, the Company's ultimate holding company). Given the Company is a subsidiary of China National Machinery Industry Corporation, it is required to comply with such requirements, and therefore a PRC property valuer was commissioned to prepare the valuation of the Sale Shares and Sale Loan in April 2025 (the "**PRC Valuation Report**"). The PRC Valuation Report shows an aggregate appraised value of the Sale Shares and Sale Loan as at 30 April 2025 of approximately RMB221.48 million.

Accordingly, the preliminary Base Price for the first Listing-for-sales is set at approximately RMB221.48 million (equivalent to approximately HK$248.12 million). The preliminary Base Price is identical to the aggregate appraised value of the Sale Shares and Sale Loan in the PRC Valuation Report as approved by China National Machinery Industry Corporation and represents a premium of approximately 5.9% to the aggregate appraised value of the Sale Shares and Sale Loan in the HK Valuation Report. Upon the discussion with the Valuer, including a review of the key assumptions and inputs and the difference in appraised values between the HK Valuation Report and the PRC Valuation Report, given the results of both valuation reports are comparable and the proposed preliminary Base Price matches the higher of the two valuations, the Board is of the view that it is in the interest of the Company and its Shareholders that the preliminary Base Price is set at a slight premium over the appraised value in the HK Valuation Report and accordingly is also consistent with maximising the Group's commercial interest.

(b) Base Price for subsequent Listing-for-sales

The Governing Rules and Measures also provide that where there is no participation by prospective transferees in the bidding process upon expiration of the formal listing period and the transferor proposes to reduce the Base Price, such reduction shall be conducted on a tiered basis, taking into account factors including the circumstances of the Target Company and prevailing market conditions. Whenever the Base Price is reduced, Board's approval is required, following which a new formal listing announcement shall be made.

In the event that the Vendor undertakes any subsequent Listing-for-sales, the Board will conduct an assessment to re-evaluate the Base Price to be set for such subsequent Listing-for-sales (provided that the Base Price to be set will not be lower than the threshold as approved by the Shareholders) and to seek updated valuation as appropriate, taking into account the circumstances of the previous Listing-for-sales and prevailing market conditions at that time. To the extent there is any variation on the major terms of such subsequent Listing-for-sales, the Company will make further announcement on (among others) the Base Price set for such subsequent Listing-for-sales and the justifications as determined by the Board and the updated valuation report (if applicable) as and when appropriate.

It is proposed that the Base Price for any subsequent Listing-for-sales be set at not lower than RMB177.18 million (equivalent to approximately HK$198.50 million), which represents approximately 84.8% of the appraised value of the Sale Shares and Sale Loan in the HK Valuation Report as at 31 January 2026, taking into account the cautious sentiment in Hong Kong commercial property market and pressure on market liquidity, with reference to comparable transactions for similar office premises and car-parking spaces in Hong Kong commercial buildings, as well as the recent asking prices and offer prices for similar office premises at Kowloon Commerce Centre, Kwai Chung, Hong Kong available from major real estate agencies, considering the limited transaction track record of this building. The Vendor shall not be authorised to undertake any subsequent Listing-for-sale(s) at a Base Price which is lower than RMB177.18 million (equivalent to approximately HK$198.50 million) without obtaining Shareholders' prior approval.

(c) Material terms of the Equity Transaction Agreement

Qualified bidders are required to pay a deposit to the SUPX. The deposit in respect of the Potential Disposal is proposed to be set at 30%, being the maximum amount suggested by the Governing Rules and Measures. The Governing Rules and Measures further provide that (i) in the case of a successful bid, the deposit will be applied towards the consideration payable; and (ii) in the case of an unsuccessful bid, the deposit will be refunded to the relevant bidder.

Subject to the terms of the Equity Transaction Agreement which shall be entered into between the Vendor and the final purchaser, the consideration may be paid in one lump sum or by instalments, but the final payment date shall not go beyond one year from the date of the Equity Transaction Agreement. In accordance with the Governing Rules and Measures, the consideration shall, in principle, be paid in full within 5 working days from the effective date of the Equity Transaction Agreement. Instalment payments may be adopted where the consideration is substantial and the purchaser has genuine difficulty to settle full payment in one lump sum. Where instalment payments are adopted, the purchaser is required to pay an initial payment of not less than 30% of the total consideration within 5 working days from the effective date of the Equity Transaction Agreement. The remaining balance shall be secured by guarantees acceptable to the Vendor, and interest shall accrue on deferred payments at a rate not lower than the prevailing loan prime rate for the corresponding tenor. Title registration procedures will be completed only upon full payment of the consideration and accrued interest.

As at the date of this announcement, material terms of the Potential Disposal and the Equity Transaction Agreement including the final purchaser, final consideration, payment method, delivery and completion timeline have not been determined.

As at the date of this announcement, it is expected that the Equity Transaction Agreement to be entered into between the Vendor and the final purchaser will require the Vendor to provide usual warranties about, among other things, the financial condition of the Target Company. The final terms of such contractual assurances will be negotiated between the Vendor and the final purchaser before the Equity Transaction Agreement is entered into. The Company will make further announcement on the final terms of the Equity Transaction Agreement, including but not limited to the final consideration, and the identity and the ultimate beneficial owners of the final purchaser as and when appropriate.

REASONS FOR SEEKING SHAREHOLDERS' APPROVAL IN ADVANCE

The Listing-for-sales process at the SUPX is governed by the Governing Rules and Measures, pursuant to which the Vendor is required to enter into the Equity Transaction Agreement with the final purchaser within 5 working days from the day following SUPX's notification of the successful bid. Furthermore, pursuant to the Operating Rules for the Transfer of State-Owned Enterprise Assets of SUPX (2025 Revision)* (深圳聯合產權交易所股份有限公司國有企業資產轉讓操作規則(2025年修訂)), the Vendor is required to submit its internal corporate approval documents when applying for Listing-for-sales at the SUPX. Once the Listing-for-sale process has commenced, the Vendor shall not suspend, terminate nor refuse to advance the transaction procedures.

Given that (i) the Potential Disposal constitutes a very substantial disposal transaction of the Company which requires Shareholders' approval under Chapter 14 of the Listing Rules; (ii) once a final purchaser has been identified by SUPX, the Vendor is required to proceed with the Potential Disposal and enter into the Equity Transaction Agreement within the prescribed time period; (iii) the Vendor is required to submit its internal corporate approval documents when applying for Listing-for-sales at the SUPX; and (iv) the compressed timeline mandated by the Governing Rules and Measures does not permit the Vendor to defer obtaining such approval until after final purchaser has been identified, the Company is seeking Shareholders' approval in advance of the Listing-for-sale process at the SUPX, so as to ensure compliance with both the Listing Rules and the applicable PRC regulatory requirements.

INFORMATION ON THE TARGET COMPANY AND THE HONG KONG PROPERTY

(a) Information on the Target Company

The Target Company is a company incorporated in Hong Kong and is principally engaged in holding and leasing the Hong Kong Property.

The financial information of the Target Company for the two years ended and as at 31 December 2024 and 2025 are set out in the following table:

	For the year ended and as at 31 December	
	2024	**2025**
	HK$	*HK$*
	(Audited)	(Unaudited)
Net loss before tax	4,056,479	3,886,557
Net loss after tax	3,725,917	3,886,557
Net liabilities	28,913,245	32,804,117

The net loss before and after tax of the Target Company for the years ended 31 December 2024 and 2025 was primarily attributable to the depreciation of right-of-use assets.

The unaudited net liabilities of the Target Company as at 31 January 2026 was HK$32,866,625, which mainly represents amounts due to the Vendor.

(b) Information on the Hong Kong Property

The financial information of the Hong Kong Property for the two years ended 31 December 2024 and 2025 are set out in the following table:

	For the year ended 31 December	
	2024	**2025**
	HK$	*HK$*
	(Audited)	(Unaudited)
Rental income	4,031,573	4,038,531
Depreciation of right-of-use assets	6,079,404	6,079,404

The Hong Kong Property comprises the entire office floor with a gross floor area of approximately 24,959 square feet on Level 13 of Tower B, Kowloon Commerce Centre, 51 Kwai Cheong Road, Kwai Chung, Hong Kong, and eight car-parking spaces in the same building. As at the date of this announcement, the Hong Kong Property constituted the sole fixed asset of the Target Company.

The book value of the Hong Kong Property as at 31 January 2026 was approximately HK$131.7 million.

As part of the original acquisition in 2018, the Company has taken assignment of the entire shareholders' loan in the amount of approximately HK$203.5 million from the then vendor on a dollar-to-dollar basis. As at 31 January 2026, the Sale Loan (being the entire amount due to the Vendor) was in the amount of approximately HK$164.3 million as at 31 January 2026 and such amount is unsecured, interest-free and repayable on demand.

VALUATION OF THE SALE SHARES AND THE HONG KONG PROPERTY

(a) Valuation of the Sale Shares

The Valuer valued the Sale Shares at approximately HK$69.9 million as at 31 January 2026 by using the asset-based approach which values a business based on its existing assets, equating its total value to invested capital by assessing market values of assets and liabilities on the financial statement.

In the process of valuing the Sale Shares, the Valuer has taken into account of the operation, financial information and nature of the Target Company. Given the limitations and hidden assumptions in comparable transactions under the market-based approach and the high sensitivity of the income-based approach to subjective assumptions, the Valuer adopted the asset-based approach as the most reliable method for valuing the Sale Shares. The PRC valuer likewise applied the asset-based approach, as the Target Company maintains relatively complete financial records and asset-management documentation. The financial data has been audited, individual assets and liabilities are clearly delineated, and there is abundant supporting information on the acquisition costs of the assets.

A key input for both reports was the financial information of the Target Company. The HK Valuation Report was based on financial information as at 31 January 2026, whilst the PRC Valuation Report was based on financial information as at 30 April 2025. Given this difference in valuation dates, the assets and liabilities of the Target Company will vary accordingly.

Furthermore, both reports share the following key valuation assumptions: (i) the Target Company will remain a going concern with stable management, accounting policies, and financial parameters (including interest rates, exchange rates, taxes, and policy charges); (ii) there will be no material changes in applicable laws, regulations, or macroeconomic or local political, economic, or social conditions; and (iii) there will be no force majeure or other unforeseeable events which will materially affect the business.

The summary of the asset-based approach is set out in the following table:

Market values of the assets and liabilities of the Target Company as at 31 January 2026 *(Note 1)*

	Book value *HK$*	**Adjustments** *HK$*	**Market value** *HK$*
Current Assets			
Cash and bank balances	1,791,463	–	1,791,463
Trade receivables	391,573	–	391,573
Others receivable	734,108	–	734,108
Total Current Assets	**2,917,144**	**–**	**2,917,144**
Non-Current Assets			
Fixed Assets	131,721,061	102,778,939 *(Note 2)*	234,500,000
Total Non-Current Assets	**131,721,061**	**102,778,939**	**234,500,000**
Total Assets	**134,638,205**	**102,778,939**	**237,417,144**
Current Liabilities			
Other payables	166,610,410	–	166,610,410
Total Current Liabilities	**166,610,410**	**–**	**166,610,410**
Non-Current Liabilities			
Deferred Tax Liability	894,421	–	894,421
Total Non-Current Liabilities	**894,421**	**–**	**894,421**
Total Liabilities	**167,504,831**	**–**	**167,504,831**
Net Asset Value	**(32,866,625)**	**102,778,939**	**69,912,314**

Notes:

(1) The totals may not sum up due to rounding.

(2) The market value of fixed assets increased by HK$102,778,939 over their book value as book value is calculated based on historical cost minus depreciation, while the market value reflects current and forward-looking demand, inflation, and superior location potential. The key adjustment of both reports was the value of fixed assets. As of 31 January 2026, the core assets of the Target Company are properties, prompting the Valuer to adjust the fixed assets from book value to appraised value using a direct comparison approach.

The key difference between the PRC Valuation Report and the HK Valuation Report are set out in the following table:

Comparison	**PRC Valuation Report**	**HK Valuation Report**
Date of valuation	30 April 2025	31 January 2026
Net Asset Value	RMB(28,035,000) (equivalent to HK$(29,902,000))	HK$(32,867,000)
Appraised value	RMB63,669,000 (equivalent to HK$67,909,000)	HK$69,912,000

In valuing the Sale Shares, both the PRC valuer and the Valuer adopted the asset-based approach, for the reasons explained above. The PRC Valuer's valuation as at 30 April 2025 was RMB63,669,000 (equivalent to HK$67,909,000), whereas the Valuer's valuation as at 31 January 2026 was HK$69,912,000. The difference of HK$2,003,000 is primarily attributable to the nine-month gap between the respective valuation dates, the decrease in net asset value of HK$2,965,000 during this period and the fluctuations in property market.

(b) Valuation of the Hong Kong Property

In valuing the Hong Kong Property, both the PRC valuer and the Valuer adopted the market-based approach. The market-based approach is the most appropriate valuation method when there are sufficient comparable transactions in the property market, as it typically provides the strongest indicator of market value and yields the most reliable and objective valuation results.

The key assumptions adopted by the PRC valuer and the Valuer differ in several respects. A summary of the principal differences is set out below:

Features	**PRC valuer**	**Valuer**
Macro Environment	Stability Focus: Heavily reliant on the assumption of no material changes in laws, regulations, or local political/social conditions.	Market Focus: Assumes an "Open Market" transaction where the environment is as-is, focusing less on explicit political "stability" clauses.
Transaction Structure	Reflects the asset's value within the existing corporate framework or policy.	Specifically excludes "add-ons" like leasebacks, joint ventures, or management agreements that might artificially inflate value.

Features	PRC valuer	Valuer
Purchaser Behavior	Generally assumes a rational buyer under current domestic conditions.	Assumes no benefit from selling as a single lot or to a single purchaser.
Excluded Factors	Excluding force majeure and unforeseeable external shocks.	Excluding financial terms (e.g., deferred payment terms) or pre-emption rights.

Notwithstanding these differences, both valuers have assumed that the relevant business or property will continue to operate as a going concern on an indefinite basis unless otherwise specified. Both valuers have also relied upon management representations, assuming that all financial data and title documents provided by the Company are true, accurate and complete. In addition, both valuers have assumed that the legal owner holds good and marketable title to the assets being valued, free from any undisclosed encumbrances or liens.

The PRC valuer's valuation as at 30 April 2025 was RMB218,354,000 (equivalent to HK$232,896,000), whereas the Valuer's valuation as at 31 January 2026 was HK$234,500,000. The difference of HK$1,604,000 is primarily attributable to the nine-month gap between the respective valuation dates and the associated currency and market fluctuations during this period.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Board confirms that each of the PRC valuer and the Valuer is independent of and not connected with the Company and its connected persons.

REASONS FOR AND BENEFITS OF THE POTENTIAL DISPOSAL

The Potential Disposal aligns with the Group's ongoing initiative to optimise and streamline its corporate structure, as well as the organisational requirements of the Company's ultimate holding company, thereby enabling the Group to focus resources on its core businesses. The Group will gradually divest non-core businesses and concentrate resources to further optimise the corporate structure and rationalise and consolidate its core businesses so as to maximise value for the Shareholders. While the Group will cease to receive rental income from the Hong Kong Property upon completion, the Potential Disposal is not expected to have any material adverse impact on the Group's principal businesses or day to day operations. The Board (other than Mr. Fong who did not attend the Board meeting approving the Potential Disposal) is of the view that, should the Potential Disposal materialise, the cash generated could be utilised for repayment of bank loans, which is expected to strengthen the Company's financial position.

Views of Mr. Fong on the Potential Disposal

For completeness, the Company sets out below the views of Mr. Fong in relation to the Potential Disposal:

(i) Mr. Fong expressed the view that the proposed sale of the Hong Kong Property by way of Listing-for-sales at the SUPX restricts participation by Hong Kong and international investors, thereby potentially risking a failed auction or sale at below-market price and possibly contravening the requirements to maximise state-owned asset value;

(ii) Mr. Fong also questioned the basis for the Company to adopt the appraised market value of the Hong Kong Property in the earlier PRC Valuation Report issued by a PRC property valuer as the preliminary Base Price, notwithstanding that the market valuation in the PRC Valuation Reports is higher (approximately RMB221.48 million as at 30 April 2025, equivalent to approximately HK$248.12 million) than the recent valuation set out in the HK Valuation Report (approximately HK$234.2 million as at 31 January 2026) prepared by the Valuer (a Hong Kong qualified valuer), which, in his view, deviates from market-based pricing logic and prudent commercial principles and does not reflect the true market value of the Hong Kong Property;

(iii) Mr. Fong further expressed the view that the proposed terms of the Potential Disposal are unusually lenient and may constitute an improper transfer of benefits to a specific intended buyer. In particular, instalment payments are permitted, with an initial payment of only 30% of the final consideration and the balance payable over one year and secured by security accepted by the Vendor only. Mr. Fong considered that such arrangement effectively provides the buyer with low-cost financing, thereby exposing the Company to prolonged credit risk and cash flow uncertainty; and

(iv) Further, Mr. Fong considered that the timing of the Potential Disposal is inopportune, taking into account (i) the improving macroeconomic conditions in Hong Kong and Hong Kong core-area office properties being quality real estate with stable long-term value; (ii) the estimated financial loss arising from the Potential Disposal; and (iii) the Group's strained financial position. Mr. Fong was of the view that proceeding with the Potential Disposal at cyclical lows amounts to a fire sale of prime assets and is contrary to the Group's stated interests, as accepting such a significant loss would erode net assets rather than supplement liquidity.

In addition, Mr. Fong raised concerns regarding the decision-making procedures and corporate governance of the Company, as follows:

(v) Mr. Fong expressed objections to the proposal to list and dispose of the Hong Kong Property through a mainland property rights trading market and has recommended that the Board should consider conducting an open and market-based disposal locally in Hong Kong. Mr. Fong was of the view that his substantive objections were not adequately discussed or addressed by the Board, which he considered to be contrary to proper procedural requirements; and

(vi) Mr. Fong raised questions regarding the adequacy of the Board's deliberation process in connection with certain asset disposal decisions. Specifically, he requested that the Company reviews certain aspects of the Land Use Rights Resumption, including the information disclosure, valuation methodology and the role of independent financial advisors involved in that transaction, before proceeding with further significant asset disposals.

Views of the rest of the Board members

The Board notes with regret that Mr. Fong did not attend the Board meeting at which the Potential Disposal was approved, where the rest of the Board members could have explained to Mr. Fong their unanimous view on the Potential Disposal.

Having considered Mr. Fong's concerns set out above, the rest of the Board members do not consider that such concerns are substantiated, taking into account primarily the following:

(a) *in response to Mr. Fong's view in (i) above:* the Governing Rules and Measures mandate the Potential Disposal be conducted openly through a property rights trading market within the Chinese Mainland of the PRC, as detailed in the section headed "*Information on the Potential Disposal – PRC laws and regulations governing Listing-for-sales*" in this announcement. In acknowledgement of Mr. Fong's concern, the Company intends to undertake additional marketing initiatives with the aim of promoting participation by Hong Kong and international investors in the Listing-for-sales, as permitted by the relevant PRC and SUPX regulations. The rest of the Board members consider that the marketing initiatives will be conducive to participation by prospective buyers and may potentially enhance the maximisation of state-owned asset value;

(b) *in response to Mr. Fong's view in (ii) above:*

   (i) while the preliminary Base Price is mandated by the Governing Rules and Measures with respect to the disposal of state-owned assets, it is fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole as it represents a premium to the appraised value in the HK Valuation Report;

   (ii) in addition to the PRC Valuation Report, the Company has, given the Potential Disposal is expected to constitute a very substantial disposal transaction under the Listing Rules and in response to Mr. Fong's concerns, commissioned the HK Valuation Report, which provides a more recent valuation prepared by a Hong Kong qualified valuer for the determination of the Base Price, and has held discussions with the Valuer on the basis of valuation to ensure it reflects the market price of the Hong Kong Property;

(iii) the subsequent Base Price represents the floor for the Base Price which the Vendor is authorised to undertake for the subsequent Listing-for-sales and the subsequent Base Price represents a premium to the recent asking prices from prospective sellers for similar office premises at the same building. In the event that the Vendor undertakes any subsequent Listing-for-sales, the Board will conduct an assessment to re-evaluate the subsequent Base Price to be set for such subsequent Listing-for-sale (provided that the Base Price to be set will not be lower than the threshold as approved by the Shareholders) and to seek updated valuation as appropriate, taking into account the circumstances of the previous Listing-for-sale(s) and prevailing market conditions at that time, and to the extent there is any variation on the major terms of such subsequent Listing-for-sales, further announcement will be made as to (among others) the Base Price set for such subsequent Listing-for-sales and the justifications for the subsequent Base Price as determined by the Board at that time;

(iv) having regards to the tiered price reduction mechanism of Listing-for-sales, the Company is permitted to gradually reduce the Base Price for each formal listing above the threshold as approved by the Shareholders which ensures the Company has the opportunity to first consider bidding proposal at higher amount of consideration to maximise value for Shareholders;

(c) *in response to Mr. Fong's view in (iii) above:* having balanced the risk of a successful bidder failing to proceed to completion against the relevant mitigating factors, including that the bidder is required to pay an upfront deposit of 30% of the Base Price and, more importantly, that the title of the Sale Shares will transfer only upon full payment of the consideration and accrued interest; and

(d) *in response to Mr. Fong's view in (iv) above:* the reasons for and benefits of the Potential Disposal as explained above,

Accordingly, the rest of the Board members are of the view that it is an opportune time to proceed with the Potential Disposal and that the terms of the Potential Disposal (including the preliminary and subsequent Base Price) and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

In response to Mr. Fong's concerns on the decision-making procedures and corporate governance of the Company in (v) and (vi) above, as those concerns relate to what was discussed and decided at Board meetings which Mr. Fong did not attend and therefore would not have the benefit of the discussions which took place at such meetings, the Company strongly encourages Mr. Fong to resume attending Board meetings convened by the Company so that his concerns (if any) can be addressed promptly and properly where needed. The last Board meeting which Mr. Fong attended was on 28 March 2025 and Mr. Fong has not been attending any Board meetings since then.

GENERAL INFORMATION ON THE GROUP

The ultimate holding company of the Company is China National Machinery Industry Corporation (中國機械工業集團有限公司), a state-owned enterprise established in the PRC under the direct supervision and administration of, and is beneficially owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

The Company acts as an investment holding company. The Group is principally engaged in (i) the manufacture and sale of dyeing and finishing machines; and (ii) the manufacture and sale of stainless steel casting products and stainless steel supply chain.

The Vendor is a wholly-owned subsidiary of the Company and a private limited company incorporated in the British Virgin Islands. It is principally engaged in investment holding and will be the vendor of the Sale Shares and Sale Loan.

USE OF PROCEEDS AND FINANCIAL IMPACTS OF THE POTENTIAL DISPOSAL

Assuming the Potential Disposal completes, the Company will not hold any interest in the Target Company, and the Target Company will cease to be a subsidiary of the Group.

By deducting (i) the unaudited carrying value of the Target Company and of the Sale Loan totalling approximately HK$234.2 million as at 31 January 2026 and (ii) the transaction expenses of approximately HK$500,000, the Group is expected to recognise an estimated gain on disposal of approximately HK$13.42 million based on the preliminary Base Price at approximately HK$248.12 million and an estimated loss on disposal of approximately HK$36.20 million based on the subsequent Base Price at approximately HK$198.50 million. The actual gain/loss on the Potential Disposal can only be ascertained after the final consideration is determined and will be subject to audit by the Company's auditor. For completeness, the original acquisition cost of the Hong Kong Property in 2018 was approximately HK$325.29 million.

The Company currently intends that, subject to actual circumstances and decision of the Board when concrete details of the proposed use of proceeds are put forward for consideration, all the proceeds from the Potential Disposal will be used for repayment of bank loans of the Group. As at 28 February 2026, the outstanding bank loan of the Group amounted to RMB727.58 million, and the Company will determine the allocation of the proceeds having regard to the applicable interest rates and the outstanding balances of its various bank facilities at the relevant time.

LISTING RULE IMPLICATIONS

Using the preliminary Base Price as the basis for calculation, as the relevant percentage ratios (calculated according to the Listing Rules) in respect of the Potential Disposal are expected to be more than 75%, the Potential Disposal, if materialised, will constitute a very substantial disposal transaction of the Company and is subject to reporting, announcement, circular, and Shareholders' approval requirements under Chapter 14 of the Listing Rules. To the best of the Directors' knowledge and based on information currently available to the Directors, no Shareholders is required to abstain from voting the resolution to be proposed at the SGM to approve the Potential Disposal.

To the best of the Directors' knowledge and based on information currently available to the Directors, no Connected Persons of the Company will participate in the Listing-for-sales. In the event that any Connected Persons of the Company register as a bidder and the Vendor wishes to include their bid, the Company will make further announcement and comply with the relevant requirements under the Listing Rules.

In the event that the Vendor undertakes any subsequent Listing-for-sales and to the extent there is any variation on the major terms of such subsequent Listing-for-sales, the Company will make further announcement on (among others) the Base Price set for such subsequent Listing-for-sales and the justifications as determined by the Board and the updated valuation report (if applicable) as and when appropriate. The Company will also make further announcement on the final terms of the Equity Transaction Agreement, including but not limited to the final consideration, and the identity and the ultimate beneficial owners of the final purchaser as and when appropriate.

The Company is expected to despatch to the Shareholders a circular containing, amongst other things, (i) further information regarding the Potential Disposal, (ii) the HK Valuation Report issued by the Valuer, (iii) a notice of the SGM, and (iv) other information as required under the Listing Rules on or before 10 April 2026.

As at the date of this announcement, the Potential Disposal has not materialised, the identity of the final purchaser and the final consideration have not been determined, and the Vendor has not signed any definitive agreement. As the Potential Disposal may or may not materialise, the Shareholders and potential investors of the Company are advised to exercise caution when dealing in securities of the Company.

DEFINITIONS

In this announcement, unless the context otherwise required, the following terms have the following meanings:

"Base Price"	the base price of the Potential Disposal to be set for the Listing-for-sales, which is preliminarily set at approximately RMB221.48 million (approximately HK$248.12 million) for the first Listing-for-sales, and may be lowered as determined by the Board to not lower than RMB177.18 million (equivalent to approximately HK$198.50 million) for any subsequent Listing-for-sale(s)
"Board"	the board of Directors
"Company"	CHTC Fong's International Company Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange

"Connected Person(s)"	has the meaning ascribed thereto under the Listing Rules
"Director(s)"	the director(s) of the Company
"Equity Transaction Agreement"	the equity transaction agreement to be entered into between the Vendor and the final purchaser in relation to the Potential Disposal
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HK Valuation Report"	the valuation report dated 12 February 2026 prepared by the Valuer in respect of the market valuation of the Sale Shares and the Hong Kong Property as at 31 January 2026
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Property"	has the meaning as ascribed to it in the section headed "*Information on the Target Company and the Hong Kong Property*" of this announcement
"Land Use Rights Resumption"	the proposed land use rights resumption of a land parcel in Cuicheng Road, Cuiheng New District, Zhongshan City, Guangdong Province, the PRC, together with the buildings and structures located on the land detailed in the announcements dated 11 April 2025, 8 May 2025, 14 May 2025, 30 June 2025 and 31 December 2025
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Listing-for-sale(s)"	the listing-for-sale(s) process conducted at the SUPX in respect of the Potential Disposal
"Mr. Fong"	Mr. Fong Kwok Leung, Kevin, a non-executive Director of the Company
"Potential Disposal"	the potential disposal of Sale Shares and the assignment of the Sale Loan through Listing-for-sales at the SUPX proposed by the Board
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC

"Sale Loan"	representing 100% of the principal loan amount and all the accrued interest on such principal amount (if any) owed by the Target Company to the Vendor up to and including the completion date of the Potential Disposal
"Sale Shares"	the entire issued share capital of the Target Company
"SGM"	the special general meeting of the Company to be held for the Shareholders to consider, and if thought fit, approve the Potential Disposal by way of Listing-for-sales at the SUPX
"Shareholder(s)"	the registered holder(s) of the shares of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SUPX"	Shenzhen United Property and Equity Exchange* (深圳聯合產權交易所股份有限公司)
"Target Company"	PT Harvest Holdings Limited (卓豐控股有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly owned subsidiary of the Company
"Valuer"	Roma Appraisals Limited, being the independent property valuer engaged by the Company for the valuation of the Sale Shares and the Hong Kong Property. It is a professional valuer firm which is a wholly-owned subsidiary of Roma (Meta) Group Limited (together with its subsidiaries) (stock code: 8072) listed on GEM of the Stock Exchange The valuation is prepared in compliance with the requirements set out in Chapter 5 of the Listing Rules and in accordance with the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors and the International Valuation Standards published by the International Valuation Standards Council. With respect to the Independent Valuer, Mr. Frank F. Wong, a director of the Independent Valuer, is a Chartered Surveyor, Registered Valuer, Member of the Australasian Institute of Mining & Metallurgy and Associate of Chartered Institute of Plumbing and Heating Engineering with over 25 years of valuation, transaction advisory and project consultancy experience of properties in Hong Kong and 17 years of experience in valuation of properties in the PRC as well as relevant experience in the Asia-Pacific region, Australia and Oceania-Papua New Guinea, Thailand, France, Germany, Austria, Czech Republic, Poland, United Kingdom, United States, Abu Dhabi (UAE), Ukraine and Jordan. The Independent Valuer possesses the requisite qualifications for conducting valuation for the Property

"Vendor"	Fong's Manufacturers Company Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company
"%"	percent

Notes:

1. * *For identification purpose only*

2. For the purpose of this announcement and for illustrative purpose only, RMB is converted into HK$ at the rate of HK$1 to RMB0.89262. No representation is made that any amounts in RMB has been or could be converted at the above rate or at any other rates.

By order of the Board
CHTC Fong's International Company Limited
Lee Che Keung
Company Secretary

Hong Kong, 16 March 2026

As at the date of this announcement, the Company's Executive Directors are Mr. Guan Youping (Chairman) and Mr. Chen Peng (General Manager); the Non-executive Director is Mr. Fong Kwok Leung, Kevin; and the Independent Non-executive Directors are Mr. Tong Wing Chi, Dr. Jiang Gaoming and Dr. Chen Ying.