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)

DISCLOSEABLE TRANSACTION UPDATE ON THE PROPOSED DISPOSAL OF EQUITY INTERESTS IN AN ASSOCIATE THROUGH LISTING-FOR-SALES

Reference is made to the announcement of CHTC Fong's International Company Limited (the "**Company**", together with its subsidiaries, the "**Group**") dated 31 December 2025 in relation to the proposed disposal by FNE Guangdong, an indirect wholly-owned subsidiary of the Company, of its 25% equity interest in Yelin Textile Technology through a listing-for-sales process on CBEX (北京產權交易所有限公司) (the "**Announcement**"). Unless otherwise specified in this announcement, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

I. PROGRESS OF THE PROPOSED LISTING-FOR-SALES

The Board is pleased to announce that FNE Guangdong has received notification from CBEX that, following the eligibility review of CBEX, there was one transferee that was qualified for the Proposed Disposal, namely YLTPD, the current shareholder of Yelin Textile Technology (holding the remaining 75% equity interest in Yelin Textile Technology). On 8 April 2026, FNE Guangdong entered into a property right transaction contract (the "**Property Right Transaction Contract**") with YLTPD to dispose of its 25% equity interests in Yelin Textile Technology, with effect from the same date. The final consideration is the same as the base price disclosed in the Announcement at RMB 33,980,000 (equivalent to approximately HK$37,250,000) ("**Final Consideration**").

Based on the Final Consideration, as the maximum applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) for the Proposed Disposal is more than 5% but less than 25%, the Proposed Disposal (together with entering into the Property Right Transaction Contract) constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

The principal terms of the Property Right Transaction Contract are set out below:

Date	8 April 2026
Parties	FNE Guangdong (as the seller); and YLTPD (as the purchaser)
Target Equity Interests	25% equity interest in Yelin Textile Technology
Consideration	RMB33,980,000 (equivalent to approximately HK$37,250,000)
Payment Method for the Transfer Price	The purchaser shall pay in installments, with 30% of the Final Consideration (RMB10,194,000) to be transferred in lump sum to the settlement account designated by CBEX within 5 business days from the date of signing the Property Right Transaction Contract. The remaining 70% of the Final Consideration (RMB23,786,000) and interest thereon must be transferred in four equal installments to the bank account designated by the seller on 10 July 2026, 10 October 2026, 10 January 2027 and 7 April 2027 respectively. On or before 7 April 2027, the purchaser may make early repayments. If the purchaser voluntarily repays all or part of the remaining balance in advance, interest shall be calculated only up to the day prior to the actual repayment date, and no further interest will accrue after such early repayment. Concurrently, the purchaser shall pledge its 25% equity interest in Yelin Textile Technology to the seller as collateral, and the purchaser's legal representative, Wei Jinlong* (衛金龍), shall act as guarantor and assume joint and several liability.
Liability for Breach of Contract	(1) After the Property Right Transaction Contract has entered into force, any party that proposes to terminate the contract without cause shall pay to the other party penalty for breach of contract in lump sum at 10% of the Final Consideration and shall be liable for any loss caused to the other party.

(2) If the purchaser fails to pay the Final Consideration before the contractual deadline, it shall pay to the seller penalty for late payment. The penalty shall be calculated at 0.05% of the unpaid consideration payable per day during the period of delayed payment. If the payment is overdue for more than 10 days, the seller shall have the right to terminate the contract and request the deduction of the security deposit paid by the purchaser. The deducted security deposit shall firstly be used to pay the service fees to be charged by the CBEX, and the remaining amount shall be used as the compensation to the seller. If the remaining amount of the deducted security deposit is insufficient to make up for the loss incurred to the seller, the seller may continue to recover the loss from the purchaser. The purchaser shall bear all reasonable expenses incurred by the seller in realizing its claims (including but not limited to litigation, arbitration, and enforcement of pledges), such as legal fees, preservation fees, and appraisal fees.

(3) If the seller fails to transfer the target equity as agreed in the Property Right Transaction Contract within the agreed time frame, the purchaser shall have the right to terminate the Property Right Transaction Contract and require the seller to assume liabity for breach of contract at 10% of the Final Consideration. If the purchaser chooses not to terminate the contract, the purchaser is entitled to demand from the seller compensation.

Completion

Within 30 business days after the purchaser pays the Final Consideration, together with the interests, the seller is obligated to provide the necessary application documents to assist the purchaser in completing the business registration procedures for the change of the target equity interest. The seller shall not be liable for any delay in registration due to requirements of the approval authority, policy changes, or any reason not caused by the seller's fault.

II. BASIS OF DETERMINING THE CONSIDERATION

(a) Further information in respect of the relevant rules and regulations for determining the consideration

As stipulated in the Announcement, according to the relevant rules of CBEX, there should be a base price for each listing-for-sales. However, CBEX does not impose specific requirements for determining the base price. Rather, pursuant to article 18 of the Operating Rules for the Transfer of Enterprise State-owned Property Rights at CBEX* (北京產權交易所企業國有產權轉讓操作細則) ("**CBEX Operating Rules**"), CBEX requires only that the base price be disclosed in the announcements to be posted on CBEX, and that article stipulates the information required to be included in such announcements. In addition, pursuant to the provision of the CBEX Operating Rules, CBEX generally follows the requirements set by the state-owned asset supervision and administration authorities, which are further elaborated below.

Given that the Company is a state-owned enterprise as its ultimate holding company, SINOMACH is a state-owned enterprise in the PRC under the direct supervision and administration, and beneficially owned by the SASAC, any disposal of assets (including but not limited to the pricing thereof) must comply with applicable PRC rule 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. Similarly, article 30 of the Interim Regulations on the Supervision and Administration of State-Owned Assets of Enterprises* (企業國有資產監督管理暫行條例) stipulates that state-owned assets supervision and administration authorities shall establish a supervision and administration system for the transfer of state-owned enterprise property rights and prevent the loss of state-owned enterprise assets.

These principles have been further elaborated under article 95 of the Notice by the State-owned Assets Supervision and Administration Commission of the State Council on the Issuance of the Operating Rules on the Transactions of the State-owned Assets of Enterprises (No. 17 [2025] of the State-owned Assets Supervision and Administration Commission of the State Council)* (國務院國資委關於印發《企業國有資產交易操作規則》的通知－國資發產權規[2025]17號) ("**No. 17 Notice**"), which provides that where the state-owned assets regulatory authority discovers that the transferor has failed to comply with or has violated relevant regulations, thereby infringing upon state-owned interests, it shall order such transferor to cease the transaction activities, and where such actions result in losses to state-owned assets, the parties involved shall bear corresponding legal liability. Furthermore, article 13 of the Measures for the Supervision and Administration of the Transactions of State-Owned Assets of Enterprises* (企業國有資產交易監督管理辦法) (together with the abovementioned laws and regulations, the "**Relevant State-Owned Asset Laws**") provides that the transfer of state-owned assets shall, in principle, be conducted openly through an equity market.

(b) Method for determining the consideration

The Company originally engaged an independent third-party valuer to conduct a valuation of the Target Equity Interests. Concurrently, the Company engaged an independent third-party auditor to review the financial statements of Yelin Textile Technology for the purposes of the equity transfer. However, during the valuation and audit process, neither the valuer nor the auditor was able to issue final signed reports that comply with their respective professional standards. Given Yelin Textile Technology is not a subsidiary of the Company, the Company does not have control over the conduct of the valuation and audit process.

Pursuant to article 76 of the Beijing Equity Exchange Operating Rules for the Transfer of State-Owned Enterprise Property Rights* (《北京產權交易所企業國有產權轉讓操作細則》), where state-owned asset supervision and administration authorities or other regulatory departments have separate requirements regarding the transfer of state-owned enterprise property rights, such requirements shall prevail. As advised by the Company's PRC legal adviser, pursuant to article 2(1)(8) of the "Notice on Optimising the Management of Asset Appraisal of Central Enterprises"* (關於優化中央企業資產評估管理有關事項的通知) (國資發產權規[2024]8號)issued by SASAC ("**No. 8 Notice**"), where a state-owned enterprise intends to transfer equity interests in an investee company through public listing-for-sales and is unable to obtain the relevant materials of the target enterprise, it is not required to conduct a valuation of the relevant subject matter.

This position is further elaborated in the Notice on Implementing the "Notice on Optimising the Management of Asset Appraisal of Central Enterprises" (No. 72)* (關於落實《關於優化中央企業資產評估管理有關事項的通知》的工作通知)(國機財函[2025]72號) ("**No. 72 Notice**") published by SINOMACH. Specifically, where the target enterprise agrees to conduct audit and valuation works but, during the on-site work period, is unable to provide the required materials on time or as requested, resulting in audit or valuation procedures being restricted such that an audit or valuation report cannot be issued in accordance with applicable standards, the listing-for-sales base price shall be determined: (i) in accordance with the fundamental principle of fully protecting state-owned interests; and (ii) taking into consideration factors including the original investment amount, capital costs, comparable transactions and expected transaction price. Furthermore, the base price shall not be lower than the original investment amount.

Given the circumstances, the Company therefore determined the base price pursuant to the No. 72 Notice, with reference to the cumulative total investment amount and capital costs. Taking into account the Company's cumulative total investment in Yelin Texitle Technology of RMB 25 million, together with capital costs of RMB 8.98 million calculated by reference to the 5-year Loan Prime Rate published by the People's Bank of China with the cut-off date of 31 December 2025, the Company set the base price for the Proposed Disposal at RMB 33.98 million.

(c) Board's view towards the basis for setting the base price

The Board (except for Mr. Fong Kwok Leung, Kevin ("**Mr. Fong**")) that did not participate in the relevant Board meeting) reviewed the basis for setting the base price and is of the view that, in circumstances where neither the independent third-party auditor nor the valuer was able to issue final signed reports, determining the base price with reference to the No. 72 Notice is a fair and appropriate approach as a whole for the following reasons:

(i) as advised by the Company's PRC legal advisers, the methodology for determining the base price strictly complies with the Relevant State-Owned Asset Laws in relation to the principle of preventing loss of state-owned assets, applicable SASAC regulations and the internal regulations of SINOMACH;

(ii) the base price takes into account the original investment amount and the capital costs incurred by the Group throughout the investment period, and allows full recovery of the Group's investment without resulting in any financial loss; and

(iii) the listing-for-sales will be conducted through an open, fair and transparent public bidding process on the CBEX.

(d) Determination of the Final Consideration

The Final Consideration is the same as the base price disclosed in the Announcement at RMB33,980,000 (equivalent to approximately HKD37,250,000). The basis for determining the base price is stipulated above. The purchaser submitted its bid in accordance with the base price and was awarded the bid accordingly, thus leading to the determination of the Final Consideration.

III. FINANCIAL INFORMATION OF YELIN TEXTILE TECHNOLOGY

Based on the unaudited consolidated financial statements of Yelin Textile Technology for the financial years ended 31 December 2024 and 2025, which were prepared in accordance with the PRC GAAP, the net profits before and after taxation of Yelin Textile Technology are set out below:

	2025	2024
	RMB	*RMB*
Profit before taxation	**30,260,248.87**	7,611,093.46
Profit after taxation	**25,522,301.99**	6,008,089.02

In addition, the unaudited net assets of Yelin Textile Technology as at 31 December 2025 was RMB125,872,393.79.

IV. REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL

The Group will gradually divest non-core businesses and concentrate resources to further optimise and streamline the corporate structure and comprehensively rationalise and consolidate its core businesses so as to maximise value for the Shareholders. The Board (other than Mr. Fong) is of the view that the Proposed Disposal and the subsequent enter of Property Right Transaction Contract would have a positive impact on the financial position of the Company. Furthermore, the Board (other than Mr. Fong) is also of the view that the terms of Property Right Transaction Contract are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

V. USE OF PROCEEDS AND FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The Company intends to use the proceeds from the Proposed Disposal for general working capital.

Based on the Final Consideration and 25% of Yelin Textile Technology's unaudited net assets as of 28 February 2026, the Company expects to record an unaudited profit before tax of approximately RMB4,393,000 from the Proposed Disposal. The actual gain or loss arising from the Proposed Disposal and included in the Group's consolidated statement of profit or loss for the year ended 31 December 2026 will be subject to the audit conducted by the Company's auditors.

VI. GENERAL INFORMATION

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.

FNE Guangdong

FNE Guangdong was incorporated in the PRC in June 2007 and is an indirect wholly owned subsidiary of the Company. Its main business includes manufacture and trading of dyeing and finishing machines.

Yelin Textile Technology

Yelin Textile Technology was a joint venture established in the PRC in 2017 and is engaged in the principal business of printing, dyeing and finishing of high-end fabrics by developing the most advanced automatic printing and dyeing production line in the PRC with the new automatic printing and dyeing solution of the Group. It also acts as the show room enabling the Group to showcase its automatic production solution on printing and dyeing to customers.

YLTPD

YLTPD is a company established in the PRC with limited liability, and the existing shareholder of Yelin Textile Technology as to 75% equity interests as at the date of this announcement. It is an independent third party of the Company and its connected persons, and is principally engaged in the research and production of high-end knitted fabrics.

In particular, it is a wholly owned subsidiary of Shandong Luyou Digital Technology Co., Ltd.* (山東鹿優數字科技有限公司), in which is owned as to:

– 44.2% by Yantai Siyuan Enterprise Management Partnership (Limited Partnership)* (煙台思遠企業管理合夥企業（有限合夥)), whose executive partner (執行事務合夥人) is an individual named Wei Jinlong (衛金龍);

– 20.2% by an individual named Zhang Shuai* (張帥);

- 14.3% by Ningbo Xinli Xindongli Equity Investment Partnership (Limited Partnership)* (寧波新犁新動力股權投資合夥企業（有限合夥)), whose executive partner (執行事務合夥人) is Ningbo Xinli Equity Investment Management Partnership (Limited Partnership)* (寧波新犁股權投資管理合夥企業（有限合夥))(“**Ningbo Xinli Management**”). Ningbo Xinli Management is managed by its executive partner (執行事務合夥人) Ningbo Fuxu Enterprise Management Co., Ltd.*(寧波富煦企業管理有限公司), which is controlled by an individual named Long Zhongfen (龍仲芬);

- 8.1% by Shenzhen Mingyu Changqing Technology Service Enterprise* (深圳市銘羽常青科技服務企業);

- 6.6% by Jinan Zhuoyuan Enterprise Management Partnership (Limited Partnership)* (濟南卓遠企業管理合夥企業（有限合夥)), whose executive partner (執行事務合夥人) is an individual named Chen Xiaoyan (陳小艷);

- 6.0% by Tianjin Hezong No. 1 Venture Capital Partnership (Limited Partnership)* (天津合縱壹號創業投資合夥企業（有限合夥)), whose executive partner (執行事務合夥人) is Shengze (Shanghai) Enterprise Management Consulting Co., Ltd.* (晟擇（上海）企業管理諮詢有限公司), which is wholly owned by a Hong Kong incorporated company Cascade HK Holding Limited, and in turn wholly owned by a Cayman Islands incorporated company Cascade Management Limited, and;

- 0.6% by Beijing Zhiyuan Rongyue Consulting Co., Ltd.* (北京致遠融悦諮詢有限公司),

all of which, to the best of the Company’s knowledge and belief, are independent third parties of the Company and its connected person.

Notes:

1. * *For identification purposes only*

2. For the purpose of this announcement and for illustrative purpose only, RMB is converted into HKD at the rate of RMB1 to HK$1.0962. No representation is made that any amounts in RMB has been or could be converted at the above rate or at any other rates.

On behalf of the Board
CHTC Fong’s International Company Limited
Lee Che Keung
Company Secretary

Hong Kong, 8 April 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.