THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This circular is issued by CHTC Fong's International Company Limited (the "**Company**").

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in the Company, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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)

(1) POTENTIAL VERY SUBSTANTIAL DISPOSAL TRANSACTION IN RELATION TO DISPOSAL OF THE ENTIRE INTEREST OF A WHOLLY-OWNED SUBSIDIARY THROUGH LISTING-FOR-SALES AND (2) NOTICE OF SPECIAL GENERAL MEETING

Unless the context otherwise requires, all capitalised terms used in this circular have the meanings set out in the section headed "Definitions" of this circular.

A notice convening the SGM of the Company to be held at Unit 2204, Orient International Tower, 1018 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong on Wednesday, 29 April 2026 at 9:30 a.m. or any adjournment thereof is set out on pages SGM-1 to SGM-3 of this circular. A proxy form for use at the SGM is enclosed.

Whether or not you intend to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company in Hong Kong at Units 2201 & 2203, Orient International Tower, 1018 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish and in such event, the form of proxy shall be deemed to be revoked.

13 April 2026

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In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"associate(s)"	has the same meaning ascribed to it under the Listing Rules
"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$198.50 million) for any subsequent Listing-for-sales
"Board"	the board of directors of the Company
"Company"	CHTC Fong's International Company Limited, an exempted company incorporated in Bermuda with limited liability, the issued shares of which are listed on the main board of the Stock Exchange
"Connected Person(s)"	has the same meaning ascribed to it under the Listing Rules
"Director(s)"	the directors of the Company
"Equity Transaction Agreement"	the equity transaction agreement to be entered into between the Vendor and the final purchaser in relation to the Potential Disposal
"FY2023"	the financial year ended 31 December 2023
"FY2024"	the financial year ended 31 December 2024
"FY2025"	the financial year ended 31 December 2025
"Group"	the Company and its subsidiaries
"HK$"	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, Sale Loan and the Hong Kong Property as at 31 January 2026 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 managing 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 20 years of valuation, transaction advisory and project consultancy experience of properties in Hong Kong and over 15 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 Hong Kong Property
"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 the Letter from the Board
"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
"Latest Practicable Date"	10 April 2026, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange

"Listing-for-sales"	the listing-for-sales process conducted at the SUPX in respect of the Potential Disposal
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers
"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
"PRC Valuation Report"	the valuation of the Sale Shares and Sale Loan in April 2025 prepared by a PRC property valuer
"Remaining Group"	the Group after completion of the Potential Disposal
"Reporting Accountants"	SHINEWING (HK) CPA Limited, the reporting accountants of the Company
"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
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended from time to time
"SGM"	the special general meeting of the Company to be convened 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
"Takeovers Codes"	the Codes on Takeovers and Mergers and Share Buy-backs
"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.
"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
"%"	per cent

Notes:

1. * For identification purpose only

2. For the purpose of this circular and for illustrative purpose only, RMB is converted into HK$ at the rate of HK$1.00 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.

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)

Executive Directors:
Mr. Guan Youping *(Chairman)*
Mr. Chen Peng *(General Manager)*

Non-executive Director:
Mr. Fong Kwok Leung, Kevin

Independent Non-executive Directors:
Mr. Tong Wing Chi
Dr. Jiang Gaoming
Dr. Chen Ying

Registered Office:
5th Floor, Victoria Place
31 Victoria Street
Hamilton HM 10
Bermuda

Principal place of business:
Units 2201 & 2203
Orient International Tower
1018 Tai Nan West Street
Cheung Sha Wan, Kowloon
Hong Kong

13 April 2026

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

Reference is made to the announcement of the Company dated 16 March 2026 in respect of the potential very substantial disposal transaction in relation to disposal of the Sale Shares and assignment of the Sale Loan through the Listing-for-sales.

The purpose of this circular is to provide you with (i) further information regarding the Potential Disposal; (ii) the HK Valuation Report issued by the Valuer; (iii) the notice convening the SGM; and (iv) other information as required under the Listing Rules.

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 Latest Practicable Date, 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. Further, Article 3 of the Interim Measures for the Administration of Central State-Owned Enterprises' Overseas State-Owned Equity/Property Rights No. 27 (中央企業境外國有產權管理暫行辦法27號) ("**No. 27 Circular**") provides that a state-owned enterprise is responsible for the management of its overseas state-owned assets and shall establish an appropriate management system in accordance with the PRC laws and regulations, while also complying with the local laws and requirements of where it is registered and listed to regulate such management and related activities. Article 12 of the No. 27 Circular further provides that where a state-owned enterprise is to dispose of its overseas state-owned assets, the company shall compare and select the intended transferee through a multi-party selection process, and conduct the disposal by competitive bidding or through a listing on an exchange such as SUPX.

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, No. 27 Circular 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, as referenced in pages 9 to 11 below.

(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. On 18 March 2026, the Vendor published the preliminary announcement at the SUPX which is accessible at https://www.sotcbb.com/bdDetail.htm?contentId=65da0dd18d3e4a3b93321d3bca7d15f3-pre&channelId=3960&id=2412159 and it is expected that the preliminary announcement will be displayed at the SUPX up to 16 April 2026 (inclusive).

(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 29 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.

During the online bidding process, shareholders are able to view the formal listing (including any extension or delisting) through public domain. Other details, including the bid results and final consideration, will be provided in the completion announcement after the Equity Transaction Agreement is executed and the deposit has been paid.

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*" in this letter), 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, 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 (中國機械工業集團有限公司), 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 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 (中國機械工業集團有限公司) 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, the prior approval of the Board 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-sales 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 denominated in RMB into the designated account of 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. Generally, in the case of a successful bid, the deposit will be applied towards the consideration payable; and 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 Hong Kong Dollar prime rate of the Bank of China (Hong Kong) for the corresponding tenor. Title registration procedures will be completed only upon full payment of the consideration and accrued interest.

The payment of the consideration by the final purchaser shall be denominated in HK$ and paid into the designated account of the Company within Hong Kong as an offshore settlement. Upon receipt of payment in full, the Company shall notify SUPX to arrange for the refund of the deposit to the final purchaser via the original payment method.

As at the Latest Practicable Date, material terms of the Potential Disposal and the Equity Transaction Agreement including the final purchaser, final consideration, payment method, delivery and completion timeline had not been determined.

As at the Latest Practicable Date, it was expected that the Equity Transaction Agreement to be entered into between the Vendor and the final purchaser would 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 and as at 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 took 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 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 HK Valuation Report has been submitted to the Board for review. The Board's review included the Valuer's credentials, valuation methodology, market comparable data, key assumptions, and data input. On the basis that no material irregularities are identified, the Board is of the view that the inputs and assumptions adopted in the HK Valuation Report are fair and reasonable, on normal commercial terms and in the interests of the Company and its shareholders, and on such basis approves the contents of the HK Valuation Report. 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	Adjustments	Market value
	HK$	*HK$*	*HK$*
Current Assets			
Cash and bank balances	1,791,463	–	1,791,463
Trade receivables	391,573	–	391,573
Others receivable	1734,108	–	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 lesson explicit political "stability" clauses.

Features	PRC valuer	Valuer
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.
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.

Aspects of the PRC Valuation Report

Valuation Basis: The PRC valuer conducted the valuation on the basis of "Market Value", which, according to the Valuation Standard, is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion". With reference to the PRC Valuation Report and relevant valuation regulations, the valuation basis adopted in the PRC Valuation Report is fair and reasonable.

Valuation Methodology: The PRC valuer valued the Hong Kong Property using the direct comparison method by assuming sales of the Hong Kong Property in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market, or, wherever appropriate, the investment method by taking into account the current rents passing and the reversionary income potential of the Hong Kong Property. With reference to the PRC Valuation Report, property types and available market information, the valuation methodology adopted in the PRC Valuation Report is fair and reasonable.

Valuation Assumptions: The PRC valuer has made the valuation on the assumption that the owner sells the properties and assets in the market in their existing state without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the value of such properties. With reference to the PRC Valuation Report, general industry practice and the purpose of the valuations, the valuation assumptions adopted in the PRC Valuation Report are fair and reasonable.

Valuation Comparables: The selected market comparables adopted by the PRC valuer are all office developments comparable to the subject property in terms of building quality. They are generally well maintained, equipped with comprehensive supporting facilities and building services, and located in areas with a relatively high concentration of office developments and well-established public amenities. Among them, New Town Plaza, K83, and Kowloon Commerce Centre are located in close proximity to the subject property and are situated near MTR stations, offering good accessibility. The International Enterprise Centre is located slightly farther from an MTR station, and its public transport accessibility is therefore relatively average.

The Board notes that the Valuer has also reviewed the PRC Valuation Report and concurs with the fair and reasonable opinion as stated therein. The Board has held discussions on the PRC Valuation Report with the PRC valuer and Valuer regarding, amongst others, the contents, the valuation basis, assumptions, reasonableness, and its compliance with applicable valuation standards and requirements. On this basis and given nothing has come to the Board's attention that would reasonably call into question the appropriateness of the valuation methodology or valuation results as contained in the PRC Valuation Report, the Board is of the view that the valuation assumptions and basis are fair and reasonable, and acknowledges the valuation results in the PRC Valuation Report.

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) ***Choice of transaction platform:*** Mr. Fong pointed out that China National Machinery Industry Corporation ("**CNMIC**") in its letter of opinion stated that the disposal should be conducted in accordance with market-based principles with "prospective transferees to be compared and selected from both domestic and overseas markets" and the choice of the SUPX as the transaction platform is not mandated in such letter. 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) ***Basis for the Base Price:*** 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. Mr. Fong further noted that 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 relied on the Board in the determination of the Base Price have not taken into account instalment payment structure which suggests a higher pricing level for the Hong Kong Property on the basis of instalment payment;

(iii) ***Payment Terms:*** 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 is inconsistent with the principle under the Governing Rules and Measures for the full settlement of consideration within 5 working days from the effective date of the Equity Transaction Agreement. Mr. Fong further expressed the view that purchaser in payment difficulty should not be chosen as the final purchaser for state-owned assets. Mr. Fong further raised concerns that the remaining 70% of the consideration may remain onshore for an extended period, potentially rendering the transaction inconsistent with the requirements of the CNMIC to ensure timely recovery of proceeds;

(iv) ***Timing of the Potential Disposal:*** 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;

(v) Mr. Fong further raised concerns that the key terms of the Equity Transaction Agreement, including conditions precedent to completion, payment arrangements, guarantee requirements and liability for breach, have not been disclosed to the Shareholders for the purpose of seeking their approval of the Potential Disposal, which in his view prevents the Shareholders from making an informed decision and is inconsistent with the requirements under the Listing Rules for the provision of sufficient information in connection with a very substantial disposal transaction;

(vi) Mr. Fong raised concerns regarding the foreign exchange compliance of the proposed transaction structure. In particular, as the Vendor is a company incorporated in the British Virgin Islands (being an offshore entity) and the transaction is to be conducted through the SUPX, Mr. Fong questioned whether the consideration (including the deposit equivalent to 30% of the Base Price that would be held by the SUPX) would in practice be remitted offshore to the Vendor in compliance with applicable PRC foreign exchange regulations, and whether in the absence of clear foreign exchange filing and cross-border payment arrangements, the transaction structure may in substance constitute a domestic settlement that circumvents PRC foreign exchange controls;

(vii) Mr. Fong considered that, under the rules of the SUPX, the existing shareholders of the Target Company (including Black Jambhala Company Limited, the second largest shareholder of the Company represented by Mr. Fong) have a right of pre-emption over the transfer of equity interests in the Target Company, and that the Company had not formally consulted or notified Black Jambhala Company Limited of such right of pre-emption prior to the publication of the announcement, thereby depriving shareholders of the opportunity to exercise their rights on an informed basis;

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

(viii) ***Corporate Governance:*** 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 for the Potential Disposal were not adequately discussed or addressed by the Board in its meetings, which he considered to be contrary to proper procedural requirements. Mr. Fong also raised concerns regarding broader corporate governance matters, including what he considered to be deficiencies in the Board's decision-making process in connection with the Potential Disposal, the failure to provide him with board meeting minutes and relevant market pricing information in a timely manner, and the failure to adequately disclose to Shareholders and the Stock Exchange certain material information, including the feasibility of conducting the disposal in Hong Kong; and

(ix) ***Decision-making Process:*** 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.

In fact, Mr. Fong has not been attending any Board meetings since 28 March 2025 which resulted in his inability to benefit from the full Board discussion and deliberation on decisions made in respect of transactions taken by the Group since then. Nevertheless the Board continues to take into account Mr. Fong's written submission to the Company and 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 circular. The rest of the Board members have carefully reviewed the letter of opinion from CNMIC, and are of the view that the choice of a PRC property rights exchange market enables the open participation of multi-party bidding and is in line with the spirit of maximisation of state-owned asset value underpinned by the Governing Rules and Measures. In acknowledgement of Mr. Fong's concern, the additional marketing initiatives to be undertaken by the Company, as described in this circular are designed to further promote 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 proposals at a 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;

(d) *in response to Mr. Fong's view in (iv) above*: the reasons for and benefits of the Potential Disposal are as explained above. This was fully discussed at the Board meeting approving the Potential Disposal (which Mr. Fong did not attend) and 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.

(e) *in response to Mr. Fong's view in (v) above:* as explained in the section headed "Reasons for seeking shareholders' approval in advance" in the Letter from the Board, the Potential Disposal is being conducted through the Listing-for-sales process at the SUPX in accordance with the Governing Rules and Measures, which by their nature require the Company to seek Shareholders' approval in advance of the formal listing given the compressed timeline prescribed by the SUPX rules once a successful bidder has been identified. The material terms of the Potential Disposal that are available at this stage, including the preliminary Base Price, the subsequent Base Price, the proposed deposit amount and the payment parameters, are set out in detail in this circular, and the Board considers that the information provided herein is sufficient to enable Shareholders to make an informed decision on the Potential Disposal at this stage. Further announcements will be made in respect of the final terms of the Equity Transaction Agreement, including the final consideration and the identity of the final purchaser, as and when appropriate;

(f) *in response to Mr. Fong's views in (vi) above:* the Company has sought and received written confirmation from SUPX acknowledging the proposed settlement outside SUPX accounts. Taking into account such written confirmation from SUPX, and that the payment of the consideration by the final purchaser shall be denominated in HK$ and paid into the designated account of the Company within Hong Kong as an offshore settlement, which will then be used for repayment of bank loans denominated in HK$ in Hong Kong, the rest of the Board members do not consider that the transaction structure constitutes a circumvention of PRC foreign exchange controls. With respect to the instalment payment arrangement, the rest of the Board members reiterate their response in (c) above regarding the adequacy of the mitigating factors in place, and note that the payment and remittance arrangements will be clearly set out in the Equity Transaction Agreement to be entered into with the final purchaser;

(g) *in response to Mr. Fong's view in (vii) above:* under the Operating Rules of Shenzhen United Equity Exchange Co., Ltd. for Shareholders Exercising Pre-emptive Rights* (深圳聯合產權交易所股份有限公司股東行使優先購買權操作細則), such right of pre-emption is only available to the other shareholders of the Target Company, other than the intended transferor. Accordingly, Black Jambhala Company Limited, the second largest shareholder of the Company represented by Mr. Fong, and other shareholders of the Company who are not shareholders of the Target Company are not entitled to right of pre-emption over the transfer of equity interests in the Target Company.

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 (viii) and (ix) 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. The rest of the Board members confirm that Board meeting minutes are prepared and available to all Directors in accordance with the Company's usual practice and the requirements of the Listing Rules, and the Company is prepared to provide Mr. Fong further materials upon reasonable request.

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.

FINANCIAL EFFECT ON THE GROUP

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.

Earnings

For the year ended 31 December 2025, the Group recorded an audited profit and profit attributable to owners of the Company for the year of approximately HK$4.09 million and HK$4.20 million, respectively. Based on the "*Unaudited Pro Forma Financial Information of the Remaining Group*" as set out in Appendix IV to this circular, assuming the completion of the Potential Disposal had taken place on 1 January 2025, the unaudited pro forma consolidated profit and consolidated profit attributable to owners of the Company of the Remaining Group for the year ended 31 December 2025 would be approximately HK$10.23 million and HK$10.35 million, respectively.

Assets and liabilities

Following the completion of the Potential Disposal, the assets and liabilities of the Target Company will no longer be consolidated into the consolidated financial statements of the Group. According to the annual results of the Company for the year ended 31 December 2025, the audited consolidated total assets and total liabilities of the Group as at 31 December 2025 were approximately HK$3,479.89 million and HK$2,505.38 million, respectively. Based on the "*Unaudited Pro Forma Financial Information of the Remaining Group*" as set out in Appendix IV to this circular, assuming the completion of the Potential Disposal had taken place on 31 December 2025, the unaudited pro forma consolidated total assets and total liabilities of the Remaining Group as at 31 December 2025 would be approximately HK$3,487.79 million and HK$2,502.89 million, respectively.

PROPOSED USE OF PROCEEDS

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 the Latest Practicable Date, the outstanding bank loan of the Group amounted to RMB274.5 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.

SGM

A notice convening the SGM to be held at Unit 2204, Orient International Tower, 1018 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong on Wednesday, 29 April 2026 at 9:30 a.m. or any adjournment thereof is set out on page SGM-1 to SGM-3 of this circular.

A proxy form for use in the SGM is enclosed with this circular. Whether or not you intend to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the principal place of business of the Company in Hong Kong at Units 2201 & 2203, Orient International Tower, 1018 Tai Nan west Street, Cheung Sha Wan, Kowloon, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish and in such event, the form of proxy shall be deemed to be revoked.

To the best knowledge, information and belief of the Board, having made all reasonable enquiries, no Shareholder and its associate has a material interest in the Potential Disposal and accordingly, no Shareholder is required to abstain from voting under the Listing Rules on the ordinary resolution to approve the Potential Disposal at the SGM.

The resolution approving the Potential Disposal will be voted by way of a poll at the SGM.

CLOSURE OF REGISTER OF MEMBERS

The record date and time for determining the entitlement to attend and vote at the SGM is 4:30 p.m. on Monday, 27 April 2026. In order to be eligible to attend and vote at the SGM, unregistered holders of Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road. Hong Kong for registration no later than 4:30 p.m. on Monday, 27 April 2026.

RECOMMENDATION

The Directors (including the independent non-executive Directors), except Mr. Fong, are of the view 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. Accordingly, the Directors, except Mr. Fong, would recommend the Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM to approve the Potential Disposal.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Unless otherwise stated, the English text shall prevail over the Chinese text in this circular.

As at the Latest Practicable Date, 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.

Yours faithfully,
For and on behalf of the Board
CHTC Fong's International Company Limited
Guan Youping
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024, and for the six months ended 30 June 2025 were disclosed in the following documents which have been published on the websites of the Stock Exchange (**www.hkexnews.hk**) and the Company (**http://www.fongs.com**). Quick links to the annual reports and interim report published on the website of the Stock Exchange are set out below. There was no qualified opinion issued for the audited financial information of the Group for the financial years ended 31 December 2022, 31 December 2023 and 31 December 2024.

– the annual report of the Group for the year ended 31 December 2023 published on 24 April 2024 (pages 45 to 148) available on:
https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042400720.pdf

– the annual report of the Group for the year ended 31 December 2024 published on 23 April 2025 (pages 38 to 138) available on:
https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0423/2025042300994.pdf

– the annual report of the Group for the year ended 31 December 2025 published on 10 April 2026 2025 (pages 41 to 138) available on:
https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0410/2026041001177.pdf

2. STATEMENT OF INDEBTEDNESS

As the close of business on 28 February 2026, being the latest practicable date for the purpose of preparing the statement of indebtedness prior to the printing of this circular, the indebtedness of the Group was as follow:

Borrowings

At the close of business on 28 February 2026, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had (i) secured interest-bearing bank and other borrowings of approximately HK$630 million; (ii) unsecured interest-bearing bank and other borrowings of approximately HK$456 million; (iii) unsecured and unguaranteed loan from immediate holding company of approximately HK$127 million; and (vi) unsecured and unguaranteed loan from fellow subsidiary of approximately HK$169 million.

Pledge of assets

At the close of business on 28 February 2026, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group's banking facilities are secured by charges over (i) certain of the Group's property, plant and equipment with carrying amount of approximately HK$1,156 million; (ii) the Group's prepaid lease payments with carrying amount of approximately HK$71 million; and (iii) corporate guarantees issued by the Group.

Lease liabilities

The Group had lease liabilities of approximately HK$9 million in relation to the payment obligation of the tenancy agreement in respect of premises in Hong Kong and Germany. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate. The effective interest rate for the lease liabilities of the Group is 4.44% per annum.

Commitment

At the close of business on 28 February 2026, being the latest practicable date for the purpose of this indebtedness statement, the Group had capital expenditure contracted but not provided for in the consolidated financial statements in respect of addition to property, plant and equipment of approximately HK$20 million.

Save as aforesaid and apart from the intra-group liabilities and guarantees, the Group did not have any outstanding loan capital issued, outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments or other material contingent liabilities as at the close of business on 28 February 2026.

The Directors confirmed that there has been no material change in the indebtedness and contingent liabilities of the Group since 28 February 2026.

3. WORKING CAPITAL

In the preparation of the Group's working capital forecast, the Board, after due and careful enquiry, is of the opinion that the working capital available to the Group is sufficient for the Group's requirements for at least 12 months from the date of this circular after taking into account (i) the internal resources of the Group; (ii) the available credit facilities of the Group; and (iii) the Potential Disposal. The Company has obtained the relevant confirmation(s) as required under Rule 14.66(12) of the Listing Rules.

4. MATERIAL ADVERSE CHANGE

The Board has confirmed that, as at the Latest Practicable Date, there has been no material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited financial statements of the Company were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally a global leading dyeing and finishing machine manufacturing enterprise, providing customers with high quality dyeing and finishing machinery, after-sales and other one-stop services.

The Group plans to repay loans as soon as practicable using the net cash inflows generated from the Potential Disposal.

The Group envisages that its business will continue to face multiple challenges in the near future, including global economic volatility, geopolitical risks, and intensifying industry competition.

In the fields of manufacturing and sales of dyeing and finishing machinery, as the global textile industry gradually moves towards green, efficient, and intelligent development, the dyeing and finishing equipment market will continue to optimize towards achieving energy conservation, emission reduction, automation, and digitization. The Group expects that with the increasing demand for high-efficiency and energy-saving equipment in major markets, as well as the expansion of dyeing and finishing capacity in emerging markets, the overall industry demand will maintain a stable growth momentum.

The Group will fully leverage the advantages of being a leading enterprise in the dyeing and finishing equipment industry, and become a world-class flagship enterprise in the manufacturing of dyeing and finishing equipment. The Group will continue to focus on technological innovation as its core competitiveness, increase research and development investment, promote the transformation of intelligent, production automation, and digital factories, and provide customers with more cost-effective and environmentally friendly solutions. Faced with challenges such as fluctuations in raw material prices and uncertain global trade environment, the management of the Group has formulated corresponding risk response strategies and continuously optimized the supply chain and production layout to maintain operational efficiency and market competitiveness.

In the fields of manufacturing and sales of stainless steel casting products and the stainless steel supply chain, the global stainless steel market is expected to experience moderate growth in 2026, with the scale of the stainless steel industry expected to outpace the overall growth rate of the steel sector generally. This will support medium-to-long-term demand for steel castings, although the growth rate is expected to remain modest. Meanwhile, the Group will continue to face cost and pricing pressures arising from fluctuations in stainless steel raw material prices, intensifying domestic and regional competition, and ongoing pressure from customers on stainless steel casting prices.

Faced with the challenges, the Group's management team will continue to explore new customer sources, pursue potential cooperation opportunities, and focus on developing unique and high-end casting products, thereby laying a solid foundation for the long-term growth of this business. Meanwhile, the Group is actively expanding its customer base, achieving a diversified business layout, and strengthening its presence in the field of advanced precision machining, with expectations of steady business expansion. The Group's management will also closely monitor market developments, respond flexibly to challenges, optimize production capacity, and diversify the supply chain to ensure stable business growth and enhanced competitiveness.

Looking ahead, the Group will be guided by the principles of digitization, greening, high-end development, and internationalization, with the goal of creating flagship dyeing and finishing equipment and leading the industry's development. Adhering to the business philosophy of "technology-oriented, customer-oriented, and integrity-oriented", the Group will focus on its core dyeing and finishing equipment business while developing the stainless steel casting business, optimizing its industrial layout, maintaining an innovation-driven approach, deepening reform, promoting digital transformation, enhancing information technology capabilities, and improving overall corporate performance. While maintaining its position as a leading enterprise in both the dyeing and finishing equipment and stainless steel casting industries, the Group will continue to enhance operational quality and promote its high-quality development.

6. MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the management discussion and analysis of the Remaining Group for FY2023, FY2024 and FY2025.

(a) FY2023

Business Performance

In FY2023, the global economy gradually stabilised and showed signs of improvement, but the recovery was not as strong as expected. At the same time, inflation remained high and operating costs rose as a result of soaring raw material prices, while competition became more intense due to weak market conditions. Under this environment, the Remaining Group's performance was inevitably affected.

For FY2023, the Remaining Group's consolidated revenue from continuing operations decreased by 30% to approximately HK$1,740,000,000 (FY2022: HK$2,489,000,000) as compared to FY2022. Loss for the year attributable to owners of the Company was approximately HK$230,000,000 (FY2022: HK$195,000,000). The basic and diluted loss per share were 20.87 HK cents for FY2023 (FY2022: 17.77 HK cents).

Manufacture and Sale of Dyeing and Finishing Machines

In FY2023, the global economic environment continued to face challenges and uncertainties. Although the overall economy has gradually stabilised and shown signs of improvement, the rebound has been relatively weak. In addition, soaring raw material prices, coupled with the impact of high interest rates, have led to rising operating costs. Therefore, customers have adopted a cautious approach towards investing in new dyeing and finishing machines production facilities. They hesitated to proceed with expansion projects, resulting a slow recovery in customer demand for investment in new production equipment.

During FY2023, this business segment recorded revenue of approximately HK$1,288,000,000, accounting for 74% of the Remaining Group's revenue and representing a decrease of 30% from approximately HK$1,841,000,000 for FY2022. In particular, sales from Hong Kong and the PRC markets were approximately HK$619,000,000, representing a decrease of 3% from approximately HK$638,000,000 for FY2022; and sales from overseas markets were approximately HK$669,000,000, representing a decrease of 44% from approximately HK$1,203,000,000 for FY2022. During FY2023, this business segment recorded an operating loss of approximately HK$190,000,000 (FY2022: HK$113,000,000). Due to the challenging market environment, an impairment loss of carrying value of goodwill of approximately HK$69,000,000 was recognised in the consolidated statement of profit and loss and other comprehensive income for FY2023.

Cost control remains a significant concern for manufacturers. The Remaining Group continue to implement stringent measures and cost control initiatives throughout the entire operating structure, which are not restricted to production operations, but also applicable to sales, administration and other functions and departments. While the Remaining Group has already made moderate reductions in its workforce, primarily involving non-production staff, it has also invested resources in further trainings for skilled workers. This investment has resulted in cost savings as well as improvement in output quality. Moreover, the Remaining Group considers increasing the proportion of subcontracting to replenish its existing labour force, so that we can control our fixed labour costs and have the flexibility to meet urgent orders. Through the optimisation of labour force and the utilisation of subcontracting, the Remaining Group can effectively satisfy the needs of its customers while maintaining cost control.

In response to changes in the market environment and keen customer demand, during FY2023, the Remaining Group launched SOFTWIN, a new model of its flagship product fabric dyeing machines.

Manufacture and Sale of Stainless Steel Casting Products

In FY2023, this business segment recorded revenue of approximately HK$394,000,000, accounting for 23% of the Remaining Group's revenue and representing a decrease of 26% as compared to approximately HK$533,000,000 for FY2022. As a result of the decrease in revenue, operating profit decreased to approximately HK$8,000,000 from approximately HK$28,000,000 for FY2022.

Casting orders fell from its peak, mainly attributable to a substantial increase in customer inventory amid the pandemic. Given the uncertain economic environment, customers have adopted a cautious ordering strategy and tend to reduce inventory level, especially when the shipping logistic services and the production material supply chains have gradually restored, resulting in a slowdown in the order volume.

The management team has been working hard over the last few years to broaden customer base and explore potential collaboration opportunities, and laid down a solid foundation for the future, long-term development of this business by focusing on the development of unique and high-end casting products. Given the uncertainties surrounding the prevailing macroeconomic environment, the Company adopts a prudent approach in capacity expansion planning, and continue to upgrade facilities and replace old machines, with the aim of supporting the development of a casting product mix that delivers higher output value. At the same time, automation has been duly enhanced to improve overall efficiency.

Trading of Stainless Steel Supplies

During FY2023, most countries have already lifted various anti-pandemic control measures and returned to normal. However, market conditions are still awaiting improvement as the anticipated strong economic rebound has yet to materialise. Owing to the unstable external environment, customers have become more cautious in their purchases, thus slowing down the pace of sales. For FY2023, this business segment recorded revenue of approximately HK$58,000,000, accounting for approximately 3% of the Remaining Group's revenue and representing a decrease of 49% as compared to approximately HK$115,000,000 in the corresponding period in FY2022. Operating profit for FY2023 amounted to approximately HK$6,000,000 (FY2022: HK$5,000,000). The increase in profit was mainly attributable to the effective management of the Remaining Group, which continued to optimise organisation structure and strengthened efforts in implementing cost reduction and efficiency enhancement, enabling the gross profit margin to rebound to its previous normal level.

In particular, the Remaining Group has established strong relationship with some global leading steel manufacturing companies since commencing the business in 1988. As such, it is able to provide a diverse range of reliable and high-quality steel supplies to end-users, while procuring stainless steel raw materials for the Remaining Group's dyeing and finishing machines business in a more cost-effective way. During FY2023, the intergroup sales of this business segment was approximately HK$88,000,000 (FY2022: HK$94,000,000).

Employees and Remuneration Policy

As at 31 December 2023, the Remaining Group had a total of approximately 2,200 employees (as at 31 December 2022: approximately 2,800 employees) across PRC, Hong Kong, Germany, Switzerland, Austria, India and the United States. In FY2023, total staff costs (including Directors' emoluments, employees' remuneration and contribution to retirement benefits schemes) amounted to approximately HK$551,000,000 (FY2022: HK$704,000,000), accounting for 32% (FY2022: 28%) of its revenue.

The Remaining Group's employees are remunerated according to industry benchmarks, prevailing market conditions, their experiences and performance. The Remaining Group's remuneration policies and packages are regularly reviewed by the remuneration committee of the Company. Discretionary bonus and share options may be awarded to eligible employees who contributed to the success of the Remaining Group. The Remaining Group also provides employees with other benefits including annual leave, medical insurance, education subsidies and contributions to retirement benefit schemes or Mandatory Provident Fund Schemes. The Remaining Group also offers appropriate training programmes for employees across all levels and positions on an ongoing basis, in order to improve staff's quality to better cope with the Remaining Group's future development.

Liquidity and Capital Resources

The Remaining Group strictly implemented prudent cost and cash flow management in order to ensure the continuous operation. During FY2023, the Remaining Group met its funding requirements in ordinary and normal course of business with cash flow generated from operations, banking facilities and debt financing. The management believes that the Remaining Group's current cash and cash equivalents, together with available credit facilities and expected cash flow from operations, will be sufficient to satisfy the operational requirements of the Remaining Group at the relevant time.

During FY2023, the Remaining Group's net cash outflow used in operating activities was approximately HK$23,000,000. As at 31 December 2023, the Remaining Group's inventory level decreased to approximately HK$415,000,000 as compared to approximately HK$497,000,000 as at 31 December 2022.

As at 31 December 2023, bank and other borrowings of the Remaining Group amounted to approximately HK$1,189,000,000. The bank and other borrowings were sourced from the PRC, with 54% denominated in Renminbi and 46% in Hong Kong dollars. The Remaining Group's bank and other borrowings are predominantly subject to floating interest rates and fixed interest rates.

As at 31 December 2023, the Remaining Group's bank balances and cash amounted to approximately HK$204,000,000, of which 57% was denominated in Renminbi, 16% in Euros, 16% in United States dollars, 10% in Hong Kong dollars and the remaining 1% in other currencies.

As at 31 December 2023, the Remaining Group's gearing ratio, defined as net bank borrowings (other than payables in ordinary course of business) over total equity, increased to 117% (31 December 2022: 73%) and its current ratio was 0.44 (31 December 2022: 0.50).

During FY2023, the Remaining Group's sales were principally denominated in Renminbi, United States dollars or Euros, while purchases were principally denominated in Renminbi, United States dollars, Euros or Hong Kong dollars. As such, the Remaining Group does not foresee significant exposure to exchange rate risks during the corresponding year. No financial instruments were used for hedging purpose in FY2023.

As at 31 December 2023, the Remaining Group had not pledged any of its assets.

As at 31 December 2023, the Remaining Group did not have any material contingent liabilities.

The Remaining Group did not have any significant investment, material acquisition or disposal of subsidiaries, associates and joint ventures during FY2023.

(b) FY2024

Business Performance

In FY2024, the global economy gradually stabilised and showed signs of improvement, but the recovery was not as strong as expected. Meanwhile, inflation and bank interest rates remained at a high level, raw material prices soared, resulting in higher operating costs, and competition intensified due to weak market conditions. In the face of these challenges, the Remaining Group has been operating in an uncertain environment, but at the same time, it has been maintaining its profitability in the face of adversity and proactively reduced costs and increased efficiency to ensure the sustainable development of the Remaining Group's business segments.

For FY2024, the Remaining Group's consolidated revenue increased by 13% to approximately HK$1,968,000,000 (FY2023: HK$1,740,000,000) as compared to FY2023. Loss attributable to owners of the Company was approximately HK$100,000,000 (FY2023: HK$230,000,000), a marked improvement in performance. Both basic loss per share and diluted loss per share were 9.13 HK cents for the Year (FY2023: 20.87 HK cents).

Manufacture and Sale of Dyeing and Finishing Machines

In FY2024, the global market economic environment continued to face challenges and uncertainties. Although the overall economy has gradually stabilised and shown signs of improvement, the rebound has been relatively weak. In addition, soaring raw material prices, coupled with the impact of high interest rates, have led to rising operating costs. Therefore, customers have adopted a cautious approach towards investing in new dyeing and finishing machines production facilities. They adopt a wait-and-see attitude to expansion projects, resulting in a slow recovery of customers' demand for investment in new production equipment.

During FY2024, this business segment recorded a revenue of approximately HK$1,527,000,000, accounting for 78% of the Remaining Group's revenue and representing an increase of 19% from approximately HK$1,288,000,000 for FY2023, of which sales from Hong Kong and the PRC markets were approximately HK$712,000,000, representing an increase of 15% from approximately HK$619,000,000 for last year; and sales from overseas markets were approximately HK$815,000,000, representing an increase of 22% from approximately HK$669,000,000 for last year. During FY2024, this business segment recorded an operating loss of approximately HK$37,000,000 (FY2023: HK$190,000,000).

Under the environment of fierce competition in the dyeing and finishing machinery industry, the sales and order intake of the Remaining Group's dyeing and finishing machinery business during the year rebounded from the low level of FY2023. Affected by the geopolitical tensions, some export orders and related investments in different industries, including textiles and garments, were withdrawn from the Chinese market. Overall, the ongoing slump in PRC's industrial market has stifled demand for products, while the phenomenon of "overcapacity" will continue to put pressure on prices and investment sentiment. In the face of intensifying competition in the dyeing and finishing machinery industry, many market players were competing for new machinery orders with low prices and fast delivery, and the Remaining Group's sales in dyeing and finishing machines in the PRC market have declined compared with that before the pandemic.

In terms of the overseas market, notwithstanding the global demand was affected by multiple adverse factors such as the slowdown in world economic growth, the high US interest rates and energy costs and foreign exchange fluctuations, the Remaining Group's overseas sales still improved and achieved a rebound momentum from the bottom, which was sufficient to hedge against the impact of weak demand in the Chinese market during the period, leading to the Remaining Group's sales of dyeing and finishing machines in FY2024 still rebounded as compared to FY2023.

Manufacture and Sale of Stainless Steel Casting Products

Given the uncertain economic environment, customers have adopted a cautious ordering strategy and tend to reduce inventory level, resulting in a drop in the number of casting orders from its peak. For FY2024, this business segment recorded a revenue of approximately HK$385,000,000, accounting for 19% of the Remaining Group's revenue and representing a slight decrease of 2% as compared to approximately HK$394,000,000 for FY2023. Despite the decrease in revenue, operating profit increased to approximately HK$16,000,000 from approximately HK$8,000,000 for FY2023.

The Remaining Group remains optimistic about this business segment. The Board believes that market demand for high-quality stainless steel casting products will continue to grow in the mid to long term. This business segment will maintain moderate revenue growth and make sustainable contribution to the Remaining Group's profit.

Trading of Stainless Steel Supplies

During FY2024, most countries have already lifted various anti-pandemic control measures and returned to normal. However, market conditions are still awaiting improvement as the anticipated strong economic rebound has yet to materialise. Owing to the unstable external environment, customers have become more cautious in their purchases, thus slowing down the pace of sales. Sales and earnings for FY2024 were maintained at levels similar to those of FY2023.

For the year ended 31 December 2024, this business segment recorded a revenue of approximately HK$56,000,000, accounting for approximately 3% of the Remaining Group's revenue and representing a slight decrease of 3% as compared to approximately HK$58,000,000 of FY2023. Operating profit of FY2024 amounted to approximately HK$6,000,000 (FY2023: HK$6,000,000). With effective management, the Remaining Group continued to optimise organisation structure and strengthened efforts in implementing cost reduction and efficiency enhancement, enabling the gross profit margin to rebound to its previous normal level.

In particular, the Remaining Group has established strong relationship with some global leading steel manufacturing companies since commencing the business in 1988. As such, it is able to provide a diverse range of reliable and high-quality steel supplies to end-users, while procuring stainless steel raw materials for the Remaining Group's dyeing and finishing machines business in a more cost-effective way. During the Year, the intergroup sales of this business segment was approximately HK$63,000,000 (FY2023: HK$88,000,000).

Employees and Remuneration Policy

As at 31 December 2024, the Remaining Group had a total of approximately 1,900 employees (as at 31 December 2023: approximately 2,200 employees) in PRC, Hong Kong, Germany, Austria, India and the United States.

The Remaining Group's remuneration policies and packages are reviewed by the remuneration committee of the Company on a regular basis while employees are remunerated based on the remuneration benchmarks in the industry and the prevailing market conditions, as well as their experiences and performance. In FY2024, total staff costs (including Directors' emoluments, employees' remuneration and contribution to retirement benefits schemes) amounted to approximately HK$521,000,000 (FY2023: HK$551,000,000), accounting for 26% (FY2023: 32%) of its revenue.

The Remaining Group also provides employees with other benefits including annual leave, medical insurance, education subsidies and contributions to retirement benefit schemes or Mandatory Provident Fund Schemes. The Remaining Group also continues to provide appropriate training programmes to its employees at different levels and positions on an ongoing basis in order to further enhance their skills, expertise and knowledge in production, operation and management while making continuous contribution to the Remaining Group.

Liquidity and Capital Resources

The Remaining Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Remaining Group's liquidity position to ensure that the liquidity structure of the Remaining Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

The Remaining Group strictly implemented prudent cost and cash flow management in order to ensure the continuous operation. During FY2024, the Remaining Group met its funding requirements in ordinary and normal course of business with cash flow generated from operations, banking facilities and debt financing. The management believes that the Remaining Group's current cash and cash equivalents, together with available credit facilities and expected cash flow from operations, will be sufficient to satisfy the current operational requirements of the Remaining Group at the relevant time.

During FY2024, the Remaining Group's net cash inflow from operating activities was approximately HK$162,000,000. As at 31 December 2024, the Remaining Group's inventory level decreased to approximately HK$366,000,000 as compared to approximately HK$415,000,000 as at 31 December 2023.

As at 31 December 2024, bank and other borrowings of the Remaining Group amounted to approximately HK$1,185,000,000. The bank and other borrowings were sourced from the PRC, with 58% denominated in Renminbi and 42% in Hong Kong dollars. The Remaining Group's bank and other borrowings are predominantly subject to floating interest rates and fixed interest rates.

As at 31 December 2024, the Remaining Group's bank balances and cash amounted to approximately HK$251,000,000, of which 48% was denominated in Renminbi, 23% in United States dollars, 21% in Euros, 7% in Hong Kong dollars and the remaining 1% in other currencies.

As at 31 December 2024, the Remaining Group's gearing ratio, defined as net bank and other borrowings (other than payables in ordinary course of business) over total equity, increased to 129% (31 December 2023: 117%) and its current ratio was 0.47 (31 December 2023: 0.44).

During FY2024, the Remaining Group's sales were principally denominated in Renminbi, United States dollars or Euros, while purchases were principally denominated in Renminbi, United States dollars, Euros or Hong Kong dollars. As such, the Remaining Group does not foresee significant exposure to exchange rate risks. No financial instruments were used for hedging purpose in FY2024.

As at 31 December 2024, the Remaining Group had not pledged any of its assets.

As at 31 December 2024, the Remaining Group did not have any material contingent liabilities.

The Remaining Group did not have any significant investment, material acquisition or disposal of subsidiaries, associates and joint ventures during FY2024.

(c) FY2025

Business Performance

During 2025, the chief operating decisionmaker have begun reviewing information based on the new reporting structure, and the segment reporting has been updated accordingly. The newly reportable segments include (i) manufacture and sale of dyeing and finishing machines, and (ii) manufacture and sale of stainless steel casting products and stainless steel supply chain. The Remaining Group's management believes that this change in segment disclosure better reflects the Remaining Group's latest business strategies, the development stages and financial performance of each business, and aligns more closely with the Remaining Group's resource allocation.

In FY2025, the Group's consolidated revenue increased by 9% to approximately HK$2,147,000,000 (2024: HK$1,968,000,000) as compared to last year. Profit attributable to owners of the Company was approximately HK$12,000,000 (2024: loss of HK$100,000,000), achieving a turnaround from loss to profit. Both basic earnings per share and diluted earnings per share were 1.12 HK cents for the Year (2024: basic loss per share of 9.13 HK cents).

Manufacture and sale of Dyeing and Finishing Machines

During FY2025, this business segment recorded a revenue of approximately HK$1,682,000,000, accounting for 78% of the Group's revenue and representing an increase of 10% from approximately HK$1,527,000,000 for last year, of which sales from Hong Kong and the Mainland China markets were approximately HK$823,000,000, representing an increase of 16% from approximately HK$712,000,000 for last year; and sales from overseas markets were approximately HK$859,000,000, representing an increase of 5% from approximately HK$815,000,000 for last year. During the Year, this business segment recorded an operating profit of approximately HK$10,000,000 (2024: operating loss of HK$37,000,000).

As a leading dyeing and finishing equipment manufacturer in the world, the Remaining Group has always been focusing on the research and development of dyeing and finishing machinery and will continue to increase its investment in technological research and development with a view to providing customers with more cost-effective products. The Remaining Group firmly believes that only by continuously innovating and addressing customers' pain points in actual use, providing them with practical benefits and enhancing their return on assets, can desire of customers to upgrade their equipment be stimulated.

Manufacture and Sale of Stainless Steel Casting Products and Stainless Steel Supply Chain

In FY2025, the Group's operations in manufacture and sale of stainless steel casting products and stainless steel supply chain demonstrated robust performance. This business segment recorded operating revenue of approximately HK$465,000,000, accounting for 22% of the Group's total operating revenue, representing an increase of 5% compared to approximately HK$441,000,000 in the previous year. Operating profit increased from approximately HK$22,000,000 last year to approximately HK$44,000,000.

The Remaining Group remains optimistic about this business segment and the Board believes that the market demand for quality stainless steel castings and stainless steel material will continue to grow in the medium to long term, the operating revenue of this business segment will maintain a moderate growth, bring sustained profit contribution to the Remaining Group.

Employees and Remuneration Policy

As at 31 December 2025, the Remaining Group had a total of approximately 1,850 employees (as at 31 December 2024: approximately 1,900 employees) across the PRC, Hong Kong, Germany, and Austria. In FY2025, total staff costs (including Directors' emoluments, employees' remuneration and contribution to retirement benefits schemes) amounted to approximately HK$525,000,000 (FY2024: HK$521,000,000), accounting for 24% (FY2024: 26%) of its revenue.

The Remaining Group's employees are remunerated according to industry benchmarks, prevailing market conditions, their experiences and performance. The Remaining Group's remuneration policies and packages are reviewed by the remuneration committee of the Company on a regular basis. Discretionary bonus and share options may be awarded to eligible employees with reference to individual performance and the Remaining Group's business performance. The Remaining Group also provides employees with other benefits including annual leave, medical insurance, education subsidies and contributions to retirement benefits schemes or Mandatory Provident Fund Schemes. The Remaining Group also offers appropriate training programs to employees at all levels and positions on an ongoing basis so as to improve staff's quality to better cope with the future development of the Remaining Group.

Liquidity and Capital Resources

The Remaining Group has adopted a prudent financial management approach towards its treasury policy. The Board closely monitors the Remaining Group's liquidity position to ensure that the liquidity structure of the Remaining Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

The Remaining Group strictly implemented prudent cost and cash flow management in order to ensure the continuous operation. During 6M2025, the Remaining Group met its funding requirements in ordinary and normal course of business with cash flow generated from operations, banking facilities and debt financing. The management believes that the Group's current cash and cash equivalents, together with available credit facilities and expected cash flow from operations, will be sufficient to satisfy the current operational requirements of the Remaining Group at the relevant time.

During FY2025, the Remaining Group's net cash inflow from operating activities was approximately HK$76,000,000. As at 31 December 2025, the Remaining Group's inventory level increased to approximately HK$423,000,000 as compared to approximately HK$366,000,000 as at 31 December 2024.

As at 31 December 2025, bank and other borrowings of the Remaining Group amounted to approximately HK$1,101,000,000. The bank and other borrowings were sourced from the PRC, with 74% denominated in Renminbi and 26% in Hong Kong dollars. The Remaining Group's bank and other borrowings are predominantly subject to floating interest rates and fixed interest rates.

As at 31 December 2025, the Remaining Group's bank balances and cash amounted to approximately HK$197,000,000, of which 59% was denominated in Renminbi, 17% in Euros, 13% in United States dollars, 10% in Hong Kong dollars and the remaining 1% in other currencies.

As at 31 December 2025, the Remaining Group's gearing ratio, defined as net bank and other borrowings (other than payables in ordinary course of business) over total equity, decreased to 123% (31 December 2023: 129%) and its current ratio was 0.42 (31 December 2024: 0.47).

During FY2025, the Remaining Group's sales were principally denominated in Renminbi, United States dollars or Euros, while purchases were principally denominated in Renminbi, United States dollars, Euros or Hong Kong dollars. As such, the Group does not foresee significant exposure to exchange rate risks. No financial instruments were used for hedging purpose in FY2025.

As at 31 December 2025, the Remaining Group had not pledged any of its assets.

As at 31 December 2025, the Remaining Group did not have any material contingent liabilities.

The Remaining Group did not have any significant investment, material acquisition or disposal of subsidiaries, associates and joint ventures during FY2025.

(e) Others

Future Plan for Material Investment or Capital Assets

As at the Latest Practicable Date, the Group has no plan for material investments or capital assets.

7. VALUATION RECONCILIATION STATEMENT

The Company has engaged Roma Appraisals Limited, the independent professional valuer, to value the Hong Kong Property as at 31 January 2026 and prepare the valuation report, the text of which is included in Appendix II-A to this circular.

The table below sets forth the reconciliation of the book value of the Hong Kong Property as at 31 December 2025 to the appraised value of the Hong Kong Property as at 31 January 2026 as included in the valuation report in Appendix II-A to this circular.

	HK$'000
Book value of the Hong Kong Property to be disposed of by the Group as at 31 December 2025	236,500
Less: Valuation deficit	(2,000)
Market value of the Hong Kong Property as at 31 January 2026	234,500

The following is the text of a report prepared for the purpose of incorporation in this circular received from Roma Appraisals Limited, an independent valuer, in connection with its valuation, the property interests of the Group to be disposed of as at 31 January 2026.

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13 April 2026

CHTC Fong's International Company Limited
Units 2201 & 2203,
Orient International Tower,
1018 Tai Nan West Street,
Cheung Sha Wan, Hong Kong

Dear Sir/Madam,

Re: Valuation of Property Located in Hong Kong

In accordance with your instructions for us to value the property held by CHTC Fong's International Company Limited, and / or its subsidiaries (together referred to as the "**Group**") located in Hong Kong, we confirm that we made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 31 January 2026 (the "**Date of Valuation**") for public documentation purpose.

1. BASIS OF VALUATION

Our valuation of the property is our opinion of the market value of the concerned property which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

We have valued the property by the direct comparison approach assuming sale of the property in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market. Comparison is based on the considerations realized on actual or asking transactions of comparable properties. Comparable properties with similar sizes, characters and locations are analyzed and carefully weighed against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value.

3. TITLE INVESTIGATION

For the property in Hong Kong, we have carried out sample land searches at Land Registry. However, we have not scrutinized all the original documents to verify ownership or to ascertain the existence of any lease amendments which may not appear on the copies handed to us.

4. VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the owner sell the property in the open market without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to increase the values of such property. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no allowance has been made for the property to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuation we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of property, particulars of occupation, floor areas, ages of buildings and all other relevant matters which can affect the values of the property. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATIONS

We have inspected the exterior and, where possible, the interior of the concerned property. No structural survey has been made in respect of the property. However, in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the property is free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the floor areas of the property under consideration but we have assumed that the floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore approximations.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Our valuation is prepared in compliance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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.

7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuation is in Hong Kong Dollars ("**HKD**").

Our Valuation Certificate is attached.

8. Independent Clause

We are independent from the Company and its subsidiaries (collectively, the "**Group**") and their respective directors and controlling shareholders and that we do not have any direct or indirect material interest in the securities or assets of the Group, its connected persons, or any associate of the Group.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Frank F. Wong
BA (Business Admin in Acct/Econ) MSc (Real Est)
MRICS Registered Valuer MAusIMM ACIPHE
Managing Director

Note: Mr. Frank F. Wong 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 20 years of valuation, transaction advisory and project consultancy experience of properties in Hong Kong and over 15 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, Cambodia, France, Germany, Poland, United Kingdom, United States, Abu Dhabi (UAE), Ukraine and Jordan.

VALUATION CERTIFICATE

Property held by the Group for investment purpose

Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 January 2026
Office Unit 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17 and 18 on Level 13 of Tower B and eight car parking spaces including Nos. P81, P82, P83, P84, PSS, P86, P87 and PSS on Level 6 of Kowloon Commerce Centre, No. 51 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong 30,868/1,644,286th equal and undivided shares of and in and of the Remaining Portion of Kwai Chung Town Lot No. 215	The property comprises whole floor of 13/F and eight car parking spaces on 6/F of an commercial building completed in 2012. The property has a gross floor area of about 21,078 sq.ft. and a saleable area of about 16,492 sq.ft. The Remaining Portion of Kwai Chung Town Lot No. 215 is held under New Grant No. TW4868 for a term of 99 years commencing from 1 July 1898 and thereafter statutorily extended until 30 June 2047.	As advised, office portion of the Property with a total lettable area of 7,839 sq.ft. was subject to a tenancy for a term of 3 years commencing on 15 July 2024 and expiring on 14 July 2027 at a monthly rent of HKD328,440 inclusive of Government rent and property tax but exclusive of government rates and management fee while the remaining office portion was vacant as at the Date of Valuation. Three car parking spaces of the Property were subject to various tenancies for terms expiring between March 2025 to December 2025 at a total monthly rent of HKD9,500 all inclusive of Government rent and property tax but exclusive of government rates and management fee while the remaining car parking spaces were self-occupied as at the Date of Valuation.	HKD234,500,000

Notes:

1. The registered owner of the property is PT Harvest Holdings Limited, a wholly-owned Subsidiary of the Group, vide Memorial No. 13072900840130 dated 3 July 2013.

2. The property lies within an area zoned "Other Specified Uses" under the Kwai Chung Outline Zoning Plan No. S/KC/32 gazetted under section 9(1)(a) of Town Planning Ordinance on 13 October 2023.

3. The property is subject to the following material encumbrances:

   a. No Objection Letter vide Memorial No. TW235019 dated 7 October 1981;

   b. Letter of Compliance vide Memorial No. TW928843 dated 26 October 1993;

   c. Modification Letter with Plan vide Memorial No. TW1058173 dated 23 April 1996;

   d. Modification Letter vide Memorial No. TW1524000 dated 6 June 2003;

e. Deed of Undertaking vide Memorial No. 06082900410037 dated 12 June 2006;

f. Modification Letter with Plan vide Memorial No. 08062001820016 dated 17 June 2008;

g. Occupation Permit No. NT 30/2008 (OP) vide Memorial No. 08091602760017 dated 30 June 2008 (For Tower A);

h. Deed Poll with Plan vide Memorial No. 09101402580363 dated 30 September 2009 (Remarks: Re S.A, S.B & R. P.);

i. Occupation Permit No. NT 83/2012 (OP) vide Memorial No. 13010402820704 dated 20 December 2012 (For Tower B);

j. Certificate of Compliance vide Memorial No. 13042502470119 dated 23 April 2013;

k. Deed of Mutual Covenant and Management Agreement with Plans vide Memorial No. 13070502780139 dated 17 June 2013;

l. Approval Letter with Plan vide Memorial No. 13070502780151 dated 13 June 2013;

m. Mortgage vide Memorial No. 22122901090011dated 29 December 2022; and

n. Assignment of Rental and Sales Proceeds (Incorporating charge over account) vide Memorial No. 24010901030211dated 9 January 2024.

4. Our inspection was performed by Mr. Jack Zhou, MSc (Real Estate & Hospitality Asset), with over 6 years property valuation experience, in January 2026.

5. We selected three comparable properties and compared overall situation to the subject property. The details are as follows:

For whole floor on 13/F, Tower 2, Kowloon Commerce Centre, Kwai Chung, Hong Kong:

Comparables	**Comparables 1**	**Comparables 2**	**Comparables 3**
Location	**Units 17, 11th Floor, Nan Fung Centre, 264-298 Castle Peak Road, Hong Kong**	**Units 21, 12th Floor, Nan Fung Centre, 264-298 Castle Peak Road, Hong Kong**	**Unit 2, 22th Floor, International Enterprise Centre, 18 Tai Chung Road, Hong Kong**
Gross Floor Area *(sq.ft.)*	605	373	2,111
Transaction Date	24 November 2025	23 October 2025	14 July 2025
Unit Rate *(HKD/sq.ft.)*	9,917	9,383	10,000
Adjustments:			
Time	-5%–0%	-5%–0%	-5%–0%
Floor Level	-5%–5%	-5%–5%	-5%–5%
Size	-10%–0%	-10%–0%	-10%–0%
Age	-5%–15%	-5%–15%	-5%–15%
Location	-10%–10%	-10%–10%	-10%–10%
Facilities	-10%–10%	-10%–10%	-10%–10%
Adjusted Unit Rate *(HKD/sq.ft.)*	11,420.89	10,681.37	9,427.22

The valuation result was determined by applying a weighted average of the adjusted comparable unit rates, which is HKD10,509.82 per square feet, to the total gross floor area of the subject property. The market value is HKD221,500,000 after rounding to the nearest hundred thousand.

Market comparables with the same usage as office, with transaction dates within one year of the valuation date and located within a relatively short distance of five kilometers from the subject property, were selected for analysis. After reviewing sufficient property transaction data in the Hong Kong market, the sample size of the selected market comparables is sufficient, representative, and appropriate for assessing the value of the subject property.

For eight car parking spaces on 6/F, Kowloon Commerce Centre, Kwai Chung, Hong Kong:

Comparables	**Comparables 1**	**Comparables 2**	**Comparables 3**
Location	**Car parking space on B2 floor, K83, 83 Tai Lin Pai Road, Hong Kong**	**Car parking space on ground floor, Golden Dragon Industrial Centre, Tai Lin Pai Road, Hong Kong**	**Car parking space on B1 floor, Kwai Chung Plaza, Kwai Foo Road, Hong Kong**
Transaction Date	16 September 2025	9 December 2025	10 December 2025
Unit Rate *(HKD)*	1,470,000	1,550,000	1,830,000
Adjustments:			
Nature	-5%–0%	-5%–0%	-5%–0%
Location	-10%–10%	-10%–10%	-10%–10%
Accessibility	-5%–5%	-5%–5%	-5%–5%
Adjusted Unit Rate *(HKD)*	1,470,000	1,674,000	1,720,200

The valuation result was determined by applying a weighted average of the adjusted comparable unit rates, which is HKD1,621,400 to the total amount of the car parking spaces. The market value is HKD13,000,000 after rounding to the nearest hundred thousand. Market comparables with the same usage as car parking space, with transaction dates within one year of the valuation date and located within a relatively short distance of three kilometers from the subject property, were selected for analysis. After reviewing sufficient property transaction data in the Hong Kong market, the sample size of the selected market comparables is sufficient, representative, and appropriate for assessing the value of the subject property.

The following is the text of a report for the purpose of incorporation into this circular received from Roma Appraisals Limited in connection with its opinion on the market value of 100% equity interest in the Business Enterprise as at 31 January 2026.

ROMA

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39 Gloucester Road, Wan Chai, Hong Kong
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http://www.romagroup.com

13 April 2026

CHTC Fong's International Company Limited
Units 2201 & 2203,
Orient International Tower,
1018 Tai Nan West Street,
Cheung Sha Wan, Hong Kong
Case Ref: EM/BV9771/NOV25

Dear Sir/Madam,

Re: Business Valuation for CHTC Fong's International Company Limited

In accordance with the instructions from **CHTC Fong's International Company Limited** (hereinafter referred to as the "**Company**") to us to conduct a business valuation in relation to PT Harvest Holdings Limited (hereinafter referred to as the "**Business Enterprise**"), we are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing our valuation as at **31 January 2026** (hereinafter referred to as the "**Date of Valuation**").

This report states the purpose of valuation, scope of work, overview of the Business Enterprise, basis of valuation, investigation, valuation methodology, major assumptions, information reviewed, limiting conditions, remarks and opinion of value.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. In addition, Roma Appraisals Limited (hereinafter referred to as "**Roma Appraisals**") acknowledges that this report may be made available to the Company for public documentation purpose only.

Roma Appraisals assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and the information provided by the management of the Company, the management of the Business Enterprise and/or their representative(s) (together referred to as the "**Management**").

In preparing this report, we have had discussions with the Management in relation to the development, operations and other relevant information of the Business Enterprise. In arriving at our opinion of value, we have relied on the completeness, accuracy and representation of operational, financial and other pertinent data and information of the Business Enterprise as provided by the Management to a considerable extent.

We have no reason to believe that any material facts have been withheld from us. However, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

We do not express an opinion as to whether the actual results of the business operation of the Business Enterprise will approximate those projected because assumptions regarding future events by their nature are not capable of independent substantiation.

In applying these projections to the valuation of the Business Enterprise, we are making no representation that the business expansion will be successful, or that market growth and penetration will be realized. In case of any change in the assumptions and projections, our opinion of value may vary materially.

3. OVERVIEW OF THE BUSINESS ENTERPRISE

The Business Enterprise is a wholly owned subsidiary of the Company. The Business Enterprise is principally engaged in property leasing. The Business Enterprise 's sole fixed asset comprises the entire 13th floor (Units 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16, 17, 18) for office use (total gross floor area of 24,959.00 square feet) and eight parking spaces (Parking spaces P81, P82, P83, P84, P85, P86, P87, P88) (1,076.39 sq ft).

4. BASIS OF VALUATION

Our valuation is conducted on a market value basis. According to the International Valuation Standards established by the International Valuation Standards Council in 2022, **market value** is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

5. INVESTIGATION

Our investigation included discussions with members of the Management in relation to the development, operations and other relevant information of the Business Enterprise. In addition, we have made relevant inquiries and obtained further information as we considered necessary for the purpose of the valuation.

We have had discussions with the Management in relation to the development, operations and other relevant information of the Business Enterprise. We have also consulted other sources of financial and business information. In arriving at our opinion of value, we have relied on the completeness, accuracy and representation of operational, financial and other pertinent data and information of the Business Enterprise as provided by the Management to a considerable extent.

The valuation of the Business Enterprise requires consideration of all pertinent factors, which may or may not affect the operation of the business. The factors considered in our valuation include, but are not necessarily limited to, the following:

- The nature and prospect of the Business Enterprise;
- The financial information of the Business Enterprise;
- The business plan of the Business Enterprise as provided by the Management;
- The business risks of the Business Enterprise such as the ability in maintaining competent technical and professional personnel; and
- Investment returns of entities engaged in similar lines of business.

6. VALUATION METHODOLOGY

There are three generally accepted approaches to obtain the market value of the Business Enterprise, namely the Market-Based Approach, Income-Based Approach and Asset-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

6.1 Market-Based Approach

The Market-Based Approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities that have been sold recently.

The right transactions employed in analysing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

6.2 Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

6.3 Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital ("**equity and long-term debt**"). Under the Asset-Based Approach, the market value of equity of a business entity refers to the market values of various assets and liabilities on the statement of financial position of the business entity as at the measurement date, in which the market value of each asset and liability was determined by reasonable valuation approaches based on its nature.

6.4 Business Valuation

In the process of valuing the Business Enterprise, we have taken into account of the operation, financial information and nature of the Business Enterprise.

The Market-Based Approach was not adopted in this case because most of the important assumptions of the comparable transactions, such as discount or premium on the transaction prices or considerations, were hidden. The Income-Based Approach was not adopted because a lot of assumptions would have to be made and the valuation could be largely influenced by any inappropriate assumptions made. We have therefore considered the adoption of the Asset-Based Approach in arriving at the market value of the Business Enterprise.

6.4.1 Cash and Bank Balance and Others Receivable

After discussion with the Management and analysing their natures, we have adopted the book values as their market values as at the Date of Valuation.

6.4.2 Trade Receivables

The adopted market value is the present value of the amounts to be received, determined at appropriate current interest rates, less allowance for the uncollectible and collection costs, if necessary, in valuing beneficial contracts and other identifiable assets. However, discounting is not required for short-term receivables, beneficial contracts and other identifiable assets when the difference between the nominal and discounted amounts is not material.

6.4.3 Fixed Assets

There are three recognized and accepted approaches to value fixed assets (hereinafter referred to as the "**Fixed Assets**"), namely market data or comparative sales approach, income or earnings approach, and cost approach (depreciated replacement cost approach).

(1) Direct Comparison Approach

This considers prices recently paid for similar fixed assets, with adjustments made to the indicated market prices to reflect condition and utility of the appraised fixed assets relative to the market comparative fixed assets for which there is established market comparable appraised by this approach.

(2) Income or Earnings Approach

This is a technique in which the estimated stream of future benefits may be enjoyed by reason of ownership, usually the anticipated or projected earnings, is processed to indicate the amount measured through capitalization of net income or application of multiples derived from financial analysis of similar industries.

(3) Cost Approach (Depreciated Replacement Cost Approach)

This considers the cost to reproduce or replace in new condition the appraised fixed assets in accordance with current market prices for fixed assets, with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence present, taking into consideration past and present maintenance policy and rebuilding history. This approach generally furnishes the most reliable indication of value for the fixed assets in the absence of known market based on comparable sales.

(4) Conclusion

After discussion with the Management and analysing the natures of Fixed Assets, we have estimated the market value as at the Date of Valuation with reference to Direct Comparison Approach.

Site inspection of the Fixed Assets has been performed as agreed with the Company. We have assumed the Fixed Assets are kept in reasonable condition for which they were designed and produced.

The calculation details of the market value of the fixed assets were illustrated as follows:

Fixed Assets	**Market Value at 31 January 2026** *HKD*
Whole floor on 13/F of Tower 2 and 8 Car parking spaces on 6/F, Kowloon Commerce Centre, Kwai Chung	234,500,000

6.4.4 Other Payables and Deferred Tax Liability

After discussion with the Management and analysing their natures, we have adopted the book values as their market values as at the Date of Valuation. Other payables primarily consist of routine administrative accruals due within one year; given their non-interest-bearing and short-term nature, any impact from the time value of money is considered immaterial. Furthermore, deferred tax liabilities represent a non-marketable, regulatory obligation rather than a tradable financial instrument. In the absence of known disputes or contingencies, we consider the book values to be a fair and reasonable representation of the settlement cost required for these obligations at the Valuation Date.

6.4.5 Conclusion of Asset-Based Approach

Market values of the Assets and Liabilities of the Business Enterprise as at 31 January 2026

	Book value	**Adjustments**	**Market value**
	HKD	*HKD*	*HKD*
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	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**

Note: The totals may not sum up due to rounding.

6.5 Calculation Details

The calculation details of the market value of the Business Enterprise and consideration were illustrated as follows:

	HKD
Market value of 100% Equity Interest in the Business Enterprise	69,912,314
Internal Debt[1]	164,283,179
Consideration *(HKD)*	234,195,493
Consideration *(HKD)* (Rounded)	**234,200,000**

Note: The totals may not sum up due to rounding.

1. As advised by the Management, the internal debt shall be transferred to the Purchaser. Hence, the consideration shall comprise the market value of the entire equity interest of Business Enterprise plus the aggregate amount of internal debt related to Fong's Manufacturers Company Limited as at Date of Valuation.

7. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation, and the major ones are as follows:

- The unaudited financial statements of the Business Enterprise as at 31 January 2026 can reasonably represent its financial position since an audited financial account as at the Date of Valuation was not available;

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Business Enterprise operates or intends to operate were assumed to be successfully obtained and renewable upon expiry;

- There will be sufficient supply of technical staff in the industry in which the Business Enterprise operates, and the Business Enterprise will retain competent management, key personnel and technical staff to support its ongoing operations and developments;

- There will be no major change in the current taxation laws in the localities in which the Business Enterprise operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Business Enterprise operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Business Enterprise; and

- Interest rates and exchange rates in the localities for the operation of the Business Enterprise will not differ materially from those presently prevailing.

8. INFORMATION REVIEWED

Our opinion requires consideration of relevant factors affecting the market value less costs of disposal of the Business Enterprise. The factors considered included, but were not necessarily limited to, the following:

- Unaudited financial statements of the Business Enterprise as at 31 January 2026;

- Business licenses and agreements of the Business Enterprise;

- Business licenses and agreements of the Business Enterprise;

We have discussed the details with the Management on the information provided and assumed that such information is reasonable and reliable. We have assumed the accuracy of information provided and relied on such information to a considerable extent in arriving at our opinion of value.

9. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events or circumstances have not been considered, and we are not required to update our report for such events and conditions.

We would particularly point out that our valuation was based on the information such as the company background and business nature of the Management provided to us.

To the best of our knowledge, all data set forth in this report are assumed to be reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on the historical information provided by the Management to a considerable extent in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We assumed that the Management is competent and perform duties under the company regulation. Also, ownership of the Business Enterprise was in responsible hands, unless otherwise stated in this report. The quality of the Management may have direct impact on the viability of the business as well as the market value less costs of disposal of the Business Enterprise.

We have not investigated the title to or any legal liabilities of the Business Enterprise and have assumed no responsibility for the title to the Business Enterprise appraised.

Our conclusion of the market value less costs of disposal was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The conclusion and various estimates may not be separated into parts, and/or used out of the context presented herein, and/or used together with any other valuation or study.

We assume no responsibility whatsoever to any person other than the directors and the Management in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required. The title of this report shall not pass to the Company until all professional fees have been paid in full.

10. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Hong Kong Dollars (HKD).

We hereby confirm that we have neither present nor prospective interests in the Company, the Business Enterprise and their associated companies, or the values reported herein.

11. OPINION OF VALUE

Based on the investigation stated above and the valuation method employed, the market value of 100% equity interests in the Business Enterprise and consideration as at the Date of Valuation, in our opinion, were reasonably stated as below:

	As at 31 January 2026 *HKD*
Market value of 100% equity interests in the Business Enterprise	**69,912,000**
Consideration	**234,200,000**

Note: As advised by the Management, the internal debt shall be transferred to the Purchaser. Hence, the consideration shall comprise the market value of the entire equity interest of Business Enterprise plus the aggregate amount of internal debt related to Fong's Manufacturers Company Limited as at Date of Valuation.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Frank F. Wong
BA (Business Admin in Acct/Econ) MSc (Real Est)
MRICS Registered Valuer MAusIMM ACIPHE
Managing Director

Note: Mr. Frank F. Wong 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 20 years of valuation, transaction advisory and project consultancy experience of properties in Hong Kong and over 15 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, Cambodia, France, Germany, Austria, Czech Republic, Poland, United Kingdom, Canada, United States, Mexico, Abu Dhabi (UAE), Ukraine and Jordan.

REPORT ON REVIEW OF UNAUDITED HISTORICAL FINANCIAL INFORMATION OF THE DISPOSAL COMPANY

The Board of Directors
CHTC Fong's International Company Limited
Units 2201 & 2203
Orient International Tower
1018 Tai Nan West Street, Cheung Shan Wan
Kowloon, Hong Kong

Dear Sirs,

Report on Review of Unaudited Historical Financial Information of PT Harvest Holdings Limited

Introduction

We have reviewed the unaudited historical financial information set out on pages III-3 to III-7 which comprise the unaudited statements of financial position of PT Harvest Holdings Limited, an indirect wholly-owned subsidiary of the Company (the "**Disposal Company**") as at 31 December 2023, 31 December 2024 and 31 December 2025 and the unaudited statements of profit or loss and other comprehensive income, unaudited statements of changes in equity and unaudited statements of cash flows for the years ended 31 December 2023, 2024 and 2025 (the "**Relevant Periods**") and explanatory notes (together, the "**Historical Financial Information**"). The Historical Financial Information has been prepared solely for the purpose of inclusion in the circular to be issued by CHTC Fong's International Company Limited (the "**Company**") in connection with the disposal of the Disposal Company in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") 14.68(2)(a)(i)(A).

The directors of the Company are responsible for the preparation and presentation of the Historical Financial Information of the Disposal Company in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information and Listing Rule 14.68(2)(a)(i). The directors of the Company are also responsible for such internal control as management determines is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error. The Historical Financial Information does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" or an interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this Historical Financial Information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" and with reference to Practice Note 750 "Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal" issued by the Hong Kong Institute of Certified Public Accountants. A review of the financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Historical Financial Information of the Disposal Company for the relevant periods is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lau Kai Wong
Practicing Certificate Number: P06623

Hong Kong
13 April 2026

UNAUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	**2024**	**2025**
	HKD'000	*HKD'000*	*HKD'000*
Revenue	7,459	4,032	4,039
Interest income	19	24	4
Other income	4	–	–
Administrative and other expenses	(7,468)	(8,112)	(7,929)
Profit (loss) before tax	14	(4,056)	(3,886)
Income tax (expenses) credit	(516)	330	–
Loss and total comprehensive expense for the year	(502)	(3,726)	(3,886)

UNAUDITED STATEMENTS OF FINANCIAL POSITION

	As at 31 December		
	2023	2024	2025
	HKD'000	*HKD'000*	*HKD'000*
Non-current assets			
Investment properties	145,252	138,757	132,262
Property, plant and equipment	113	–	–
	145,365	138,757	132,262
Current assets			
Deposit and other receivables	853	734	734
Cash and cash equivalents	3,701	3,765	2,480
	4,554	4,499	3,214
Current liabilities			
Other payables	1,223	1,246	1,603
Amount due to the immediate holding company	172,663	170,033	165,782
	173,886	171,279	167,385
Net current liabilities	(169,332)	(166,780)	(164,171)
Total assets less current liabilities	(23,967)	(28,023)	(31,909)
Non-current liability			
Deferred tax liabilities	1,220	890	890
Net liabilities	(25,187)	(28,913)	(32,799)
Capital and reserve			
Share capital	10	10	10
Accumulated losses	(25,197)	(28,923)	(32,809)
Shareholder's deficiency	(25,187)	(28,913)	(32,799)

UNAUDITED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Accumulated losses	Total
	HKD'000	*HKD'000*	*HKD'000*
At 1 January 2023	10	(24,695)	(24,685)
Loss and total comprehensive expense for the year	–	(502)	(502)
At 31 December 2023 and 1 January 2024	10	(25,197)	(25,187)
Loss and total comprehensive expense for the year	–	(3,726)	(3,726)
At 31 December 2024 and 1 January 2025	10	(28,923)	(28,913)
Loss and total comprehensive expense for the year	–	(3,886)	(3,886)
At 31 December 2025	10	(32,809)	(32,799)

UNAUDITED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2023	**2024**	**2025**
	HKD'000	*HKD'000*	*HKD'000*
OPERATING ACTIVITIES			
Profit/(loss) before income tax	14	(4,056)	(3,886)
Adjustments for:			
Depreciation	7,103	6,608	6,495
Interest income	(19)	(24)	(4)
Loss on disposal of property, plant and equipment	(4)	–	–
Operating profit before working capital changes	7,094	2,528	2,605
Changes in working capital:			
Decrease in deposit and other receivables	220	119	–
Decrease in amounts due from fellow subsidiaries	37	–	–
Increase in other payables	18	23	357
NET CASH GENERATED FROM OPERATING ACTIVITIES	7,369	2,670	2,962
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment	35	–	–
Interest received	19	24	4
CASH FROM INVESTING ACTIVITIES	54	24	4
FINANCING ACTIVITY			
Repayment to the immediate holding company	(15,359)	(2,630)	(4,251)
CASH USED IN FINANCING ACTIVITY	(15,359)	(2,630)	(4,251)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(7,936)	64	(1,285)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	11,637	3,701	3,765
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	3,701	3,765	2,480

NOTES TO THE UNAUDITED HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

PT Harvest Holdings Limited (the "**Disposal Company**") was incorporated in Hong Kong with limited liability on 6 November 2012. It is an indirect wholly owned subsidiary of CHTC Fong's International Company Limited (the "**Company**") (together with its subsidiaries referred to as the "**Group**"), which was incorporated in Bermuda with limited liability whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

During the years ended 31 December 2023, 2024 and 205 (the "**Relevant Periods**"), the Disposal Company is principally engaged in property investment.

The Historical Financial Information is presented in HKD, which is also the functional currency of the Disposal Company.

2. BASIS OF PREPARATION AND PRESENTATION

The Historical Financial Information of Disposal Company has been prepared solely for the purpose of inclusion in the circular to be issued by the Company in connection with the proposed disposal of the entire equity interest in Disposal Company in accordance with Rule 14.68(2)(a)(i) of the Listing Rules and in accordance with the relevant accounting policies adopted by the Company as set out in the annual reports of the Company for the years ended 31 December 2023, 2024 and 2025, which conform with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company (the "**Directors**") have a reasonable expectation, with the undertaking from the immediate holding company that it would not demand the repayment from the Disposal Company the amount due to it until such time the Disposal Company is in a financial position to do so, that the Disposal Company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the Historical Financial Information for the years ended 31 December 2023, 2024 and 2025.

The Historical Financial Information of the Disposal Company has been prepared under the historical cost convention. The Historical Financial Information of Disposal Company does not contain sufficient information to constitute a complete set of financial statements as defined in Hong Kong Accounting Standard 1 (Revised) "Presentation of Financial Statements" nor an complete condensed interim financial report as defined in Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

(A) THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

1. INTRODUCTION

The following is a summary of an illustrative and unaudited pro forma consolidated statement of financial position as at 31 December 2025, the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2025 of the Group excluding the Disposal Company upon the completion of the Disposal (the "**Remaining Group**") (collectively the "**Unaudited Pro Forma Financial Information**") which have been prepared to illustrate the effect of the Disposal (i) as if the Disposal had been completed on 31 December 2025 for the unaudited pro forma consolidated statement of financial position, and (ii) as if the Disposal had been completed on 1 January 2025 for the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2025.

The Unaudited Pro Forma Financial Information of the Remaining Group has been prepared by the directors of the Company in accordance with Rule 4.29 of the Listing Rules for illustrative purposes only, based on their judgments, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position, the financial performance and cash flows of the Remaining Group had the Disposal been completed as at 31 December 2025 or 1 January 2025, where applicable, or any future dates.

The unaudited pro forma consolidated statement of financial position of the Remaining Group is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2025, which has been extracted from the published annual report of the Company for the year ended 31 December 2025, after making pro forma adjustments that are directly attributable to the Disposal as set out below.

The unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated statement of profit or loss and other comprehensive income and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2025, which have been extracted from the published annual report for the year ended 31 December 2025, after making certain pro forma adjustments relating to the Disposal that are directly attributable to the Disposal as set out below.

The Unaudited Pro Forma Financial Information should be read in conjunction with the historical financial information of the Group as set out in the published annual report of the Company for the year ended 31 December 2025 and other financial information contained in this circular.

2.1 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE GROUP

As at 31 December 2025

	The Group	**Pro forma adjustments**	**The Remaining Group**
	HKD'000	*HKD'000*	*HKD'000*
	Note 1	*Note 2*	
Non-current assets			
Property, plant and equipment	1,394,222	–	1,394,222
Investment properties	236,500	(236,500)	–
Right-of-use assets	10,137	–	10,137
Prepaid lease payments	167,390	–	167,390
Goodwill	464,797	–	464,797
Intangible assets	91,912	–	91,912
Financial asset at fair value through other comprehensive income	19,371	–	19,371
Investment in an associate	34,840	–	34,840
Deposits for acquisition of property, plant and equipment	24,094	–	24,094
Other assets	40,894	–	40,894
Deferred tax assets	11,546	–	11,546
	2,495,703	(236,500)	2,259,203
Current assets			
Inventories	423,349	–	423,349
Trade and other receivables	361,586	(734)	360,852
Cash and bank balances	199,249	245,140	444,389
	984,184	244,406	1,228,590

	The Group	Pro forma adjustments	The Remaining Group
	HKD'000	*HKD'000*	*HKD'000*
	Note 1	*Note 2*	
Current liabilities			
Trade and other payables	1,083,806	(1,603)	1,082,203
Contract liabilities	216,898	–	216,898
Warranty provision	10,359	–	10,359
Lease liabilities	8,674	–	8,674
Tax liabilities	10,522	–	10,522
Bank and other borrowings	1,004,517	–	1,004,517
	2,334,776	(1,603)	2,333,173
Net current liabilities	(1,350,592)	246,009	(1,104,583)
Total assets less current liabilities	1,145,111	9,509	1,154,620
Non-current liabilities			
Bank and other borrowings	96,765	–	96,765
Deferred revenue	44,976	–	44,976
Deferred tax liabilities	26,925	(890)	26,035
Lease liabilities	1,940	–	1,940
	170,606	(890)	169,716
Net assets	974,505	10,399	984,904
Capital and reserves			
Total equity attributable to owners of the Company			
Share capital	55,011	–	55,011
Share premium and reserves	991,616	10,399	1,002,015
	1,046,627	10,399	1,057,026
Non-controlling interests	(72,122)	–	(72,122)
Total equity	974,505	10,399	984,904

2.2 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME OF THE GROUP

For the year ended 31 December 2025

	The Group	**Pro forma adjustments**		**The Remaining Group**
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
	Note 1	*Notes 3 and 4*	*Note 5*	
Revenue	2,146,824	–	–	2,146,824
Cost of sales	(1,586,610)	–	–	(1,586,610)
Gross profit	560,214	–	–	560,214
Interest income	497	(4)	–	493
Other income	40,891	(4,039)	–	36,852
Other gains	(1,697)	–	(1,993)	(3,690)
Impairment loss on assets classified as held for sales	(10,750)	10,750	–	–
Selling and distribution costs	(215,972)	–	–	(215,972)
Administrative and other expenses	(327,534)	1,434	–	(326,100)
Finance costs	(49,353)	–	–	(49,353)
Share of results of an associate	6,379	–	–	6,379
Profit before tax	2,675	8,141	(1,993)	8,823
Income tax credit	1,410	–	–	1,410
Profit for the year	4,085	8,141	(1,993)	10,233
Profit for the year attributable to:				
Owners of the Company	4,202	8,141	(1,993)	10,350
Non-controlling interests	(117)	–	–	(117)
	4,085	8,141	(1,993)	10,233

	The Group	Pro forma adjustments		The Remaining Group
	HKD'000	*HKD'000*	*HKD'000*	*HKD'000*
	Note 1	*Notes 3 and 4*	*Note 5*	
Profit for the year	4,085	8,141	(1,993)	10,233
Other comprehensive expense:				
Items that may be reclassified subsequently to profit or loss:				
Exchange difference arising on translation of foreign operations	(1,647)	–	–	(1,647)
Share of translation reserve of an associate	790	–	–	790
	(857)	–	–	(857)
Items that will not be reclassified subsequently to profit or loss:				
Re-measurement gain on defined benefit plan	258	–	–	258
Fair value loss on financial asset at fair value through other comprehensive income	(2,456)	–	–	(2,456)
	(2,198)	–	–	(2,198)
Other comprehensive expense for the year	(3,055)	–	–	(3,055)
Total comprehensive income for the year	1,030	8,141	(1,993)	7,178
Total comprehensive income for the year attributable to:				
Owners of the Company	2,921	8,141	(1,993)	9,069
Non-controlling interests	(1,891)	–	–	(1,891)
	1,030	8,141	(1,993)	7,178

2.3 UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF THE GROUP

For the year ended 31 December 2025

	The Group	**Pro forma adjustments**		**The Remaining Group**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Notes 3 and 4*	*Note 5*	
Operating activities				
Profit before tax	2,675	8,141	(1,993)	8,823
Adjustments for:				
Interest expense on borrowings	45,642	–	–	45,642
Interest expense on lease liabilities	655	–	–	655
Interest income	(497)	4	–	(493)
Depreciation and amortisation	81,010	–	–	81,010
Allowance for doubtful debts, net	613	–	–	613
Reversal of allowance for inventories, net	(8,793)	–	–	(8,793)
Share of results of an associate	(6,379)	–	–	(6,379)
Loss on disposal of a subsidiary	–	–	1,993	1,993
Gain on disposal of property, plant and equipment and prepaid lease payments	(1,321)	–	–	(1,321)
Recognition of government grants	(4,118)	–	–	(4,118)
Provision for warranty expense	2,764	–	–	2,764
Written off of other payables	(1,396)	–	–	(1,396)
Impairment loss on assets classified as held for sale	10,750	(10,750)	–	–
Exchange differences	(5,396)	–	–	(5,396)

	The Group	Pro forma adjustments		The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Notes 3 and 4*	*Note 5*	
Operating cash flows before movements in working capital	116,209	(2,605)	–	113,604
Decrease in inventories	(35,679)	–	–	(35,679)
Decrease in trade and other receivables	(48,946)	–	–	(48,946)
Increase in trade and other payables	48,631	(357)	–	48,274
Increase in contract liabilities	10,876	–	–	10,876
Utilisation of warranty provision	(1,032)	–	–	(1,032)
Cash generated from operations	90,059	(2,962)	–	87,097
Hong Kong Profits Tax paid	(1,957)	–	–	(1,957)
Overseas income tax and the PRC Corporate Income Tax paid	(8,682)	–	–	(8,682)
Net cash generated from operating activities	79,420	(2,962)	–	76,458

	The Group	Pro forma adjustments		The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Notes 3 and 4*	*Note 5*	
Investing activities				
Proceeds from disposal of property, plant and equipment and prepaid lease payments	3,835	–	–	3,835
Proceed from disposal of a subsidiary	–	–	247,620	247,620
Repayment from the Disposal Company	–	4,251	–	4,251
Interest received	497	(4)	–	493
Purchases of property, plant and equipment	(151,546)	–	–	(151,546)
Net cash used in investing activities	(147,214)	4,247	247,620	104,653
Financing activities				
Repayment of bank borrowings	(2,257,781)	–	–	(2,257,781)
Interest paid	(43,217)	–	–	(43,217)
Loan repayment to intermediate holding company	(8,000)	–	–	(8,000)
Loan received from fellow subsidiary	166,056	–	–	166,056
New bank and other borrowings raised	2,155,738	–	–	2,155,738
Capital element of lease rentals paid	(8,886)	–	–	(8,886)
Interest element of lease rentals paid	(655)	–	–	(655)
Net cash from financing activities	3,255	–	–	3,255

	The Group	Pro forma adjustments		The Remaining Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	Note 1	*Notes 3 and 4*	*Note 5*	
Net (decrease) increase in cash and cash equivalents	(64,539)	1,285	247,620	184,366
Cash and cash equivalents at beginning of the year	254,266	(3,765)	–	250,501
Exchange gain on cash and cash equivalents	9,522	–	–	9,522
Cash and cash equivalents at end of the year	199,249	(2,480)	247,620	444,389

Notes:

1. The audited consolidated statements of financial position, profit or loss and other comprehensive income and cash flows of the Group for the year ended 31 December 2025 were extracted from the Company's published annual report for the year ended 31 December 2025.

2. These adjustments represent the financial impacts of the Disposal as if the Disposal had taken place on 31 December 2025.

   The amounts of assets and liabilities of the Disposal Company have been extracted from the unaudited financial information of the Disposal Company as at 31 December 2025 as set forth in Appendix III to this Circular.

   The gain on the Disposal is calculated as follows:

		HKD'000
Estimated consideration	(i)	248,120
Add: Net liabilities of the Target Company as at 31 December 2025	(ii)	32,799
Less: Fair value adjustments	(iii)	(104,238)
Less: Amount due by the Disposal Company to the Group	(iv)	(165,782)
Less: Estimated transaction cost attributable to the disposal	(v)	(500)
Estimated gain on the Disposal		10,399

(i) Pursuant to the announcement of the Company dated 16 March 2026, the base price set is preliminary set at RMB221,480,000, equivalent to HKD248,120,000. The directors of Company consider this is the best estimation of the consideration for the purpose of pro forma financial information.

(ii) The amount of net liabilities of the Disposal Company, were extracted from the unaudited financial information of the Disposal Company as at 31 December 2025 as set out in Appendix III to this Circular

(iii) The adjustment represents the fair value adjustment, less subsequent impairment, recognised upon the acquisition of the Disposal Company by the Group in prior years.

(iv) The amount due from the Disposal Company to the Group of HKD165,782,000, which had been eliminated on consolidation by the Group, will be assigned to the purchaser upon the completion of the Disposal.

(v) The transaction costs represent the professional fees and other taxes which are estimated to be approximately HKD500,000 in aggregate and it is assumed that the transaction costs would be settled by cash.

3. These adjustments represent the financial impacts of the Disposal as if the Disposal had been completed on 1 January 2025. The amounts of income, expenses and cash flows of the Disposal Company have been extracted from the unaudited financial information of the Disposal Company for the year ended 31 December 2025 as set forth in Appendix III to this Circular.

4. The Disposal Company was classified as held for sale on consolidation of the Group and thus the investment properties held by the Disposal Company was not depreciated on consolidation while an impairment of HKD10,750,000 had been recognised by the Group for the year ended 31 December 2025.

   Depreciation of the investment properties included in the unaudited financial information of the Disposal Company for the year ended 31 December 2025 amounted to HKD6,495,000 under administrative and other expenses

5. The loss on the Disposal as if the Disposal had taken place on 1 January 2025 is calculated as follows:

		HKD'000
Estimated consideration	(i)	248,120
Less: Net liabilities of the Target Company as at 1 January 2025	(ii)	28,913
Less: Fair value adjustments	(iii)	(108,493)
Less: Amount due by the Disposal Company to the Group	(iii)	(170,033)
Less: Estimated transaction cost attributable to the disposal	(iv)	(500)
Estimated loss on the Disposal		(1,993)

(i) Pursuant to the announcement of the Company dated 16 March 2026, the base price set is preliminary set at RMB221,480,000, equivalent to HKD248,120,000, The directors of the Company consider this is the best estimation of the consideration for the purpose of pro forma financial information.

(ii) The amount of net liabilities of the Disposal Company was extracted from the unaudited financial information of the Disposal Company as at 1 January 2025 as set out in Appendix III to this Circular.

(iii) The adjustment represents the fair value adjustment, less subsequent impairment, recognised upon the acquisition of the Disposal Company by the Group in prior years.

(iv) The amount due from the Disposal Company to the Group of HKD170,033,000, which had been eliminated on consolidation by the Group, will be assigned to the purchaser upon the completion of the Disposal.

(v) The transaction costs represent the professional fees and other taxes which are estimated to be approximately HKD500,000 in aggregate and it is assumed that the transaction costs would be settled by cash.

6. The adjustments in respect of the unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma consolidated statement of cash flows of the Group are not expected to have a continuing effect on the Group.

7. For the purposes of preparing this Unaudited Pro Forma Financial Information, the amount denominated in Renminbi has been converted into Hong Kong dollars at an exchange rate of RMB0.89262 to HKD1.00 at the exchange rate published by the State Administration of Foreign Exchange ("**SAFE**") on 30 January 2026. No representation is made that the HKD amounts have been, could have been or may be converted to RMB, at that rate or at all.

8. Apart from notes above, no adjustment has been made to reflect any trading results or other transactions of the Remaining Group entered into subsequent to 31 December 2025.

(B) REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors
CHTC Fong's International Company Limited
Units 2201 & 2203
Orient International Tower
1018 Tai Nan West Street, Cheung Shan Wan
Kowloon, Hong Kong

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of CHTC Fong's International Company Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") by the board of directors (the "**Board**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated statement of financial position as at 31 December 2025 and unaudited pro forma consolidated statement of profit or loss and other comprehensive income and unaudited pro forma statement of cash flows for the year ended 31 December 2025, and related notes as set out on pages IV-1 to IV-11 of the circular issued by the Company dated 13 April 2026 (the "**Circular**") in connection with the proposed disposal of the entire issued share capital of PT Harvest Holdings Limited, an indirect wholly-owned subsidiary of the Company (the "**Disposal**"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in Appendix IV to the Circular.

The unaudited pro forma financial information has been compiled by the Board to illustrate the impact of the Disposal on the Group's financial position as at 31 December 2025 as if the Disposal had taken place as at 31 December 2025, and the Group's financial performance and cash flows for the year ended 31 December 2025 as if the Disposal had taken place at 1 January 2025. As part of this process, information about the Group's financial position and financial performance and cash flows for the year ended 31 December 2025 has been extracted by the Board from the consolidated financial statements of the Group for the year ended 31 December 2025, on which an audit report has been published.

Directors' Responsibility for the Unaudited pro forma Financial Information

The Board of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Circular is solely to illustrate the impact of the Disposal on unadjusted financial information of the Group as if the Disposal had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lau Kai Wong
Practising Certificate Number: P06623

Hong Kong
13 April 2026

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, other than Mr. Fong, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); or (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code:

Long position in shares of the Company

Name of Director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
Mr. Fong Kwok Leung, Kevin	Beneficial owner	3,100,000	0.28%
	Held by spouse	200,000	0.02%
	Beneficiary of a discretionary trust *(Note)*	194,904,220	17.72%
		198,204,220	18.02%

Note:

Mr. Fong Kwok Leung, Kevin is a beneficiary of a discretionary trust which owns the entire issued share capital of Black Jambhala Company Limited which in turn beneficially owns an aggregate of 194,904,220 Shares. By virtue of the SFO, Mr. Fong Kwok Leung, Kevin is deemed to be interested in 194,904,220 Shares which the discretionary trust owns.

Save as disclosed herein, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) where were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which had, or was deemed to have, an interest or short position in the shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

(b) Interest of substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, the following persons (other than a Director, or chief executive of the Company) had or were deemed to have interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO.

Long position in shares of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
China National Machinery Industry Corporation	Corporate interests*(Note 1)*	615,408,140	55.94%
Mr. Fong Sou Lam	Founder of a discretionary trust*(Note 2)*	194,904,220	17.72%

Notes:

1. By virtue of the SFO, China National Machinery Industry Corporation is deemed to be interested in 615,408,140 Shares held by its two wholly-owned subsidiaries as follows:

   (i) China Hi-Tech Holding Company Limited – 357,790,500 Shares

   (ii) Newish Trading Limited – 257,617,640 Shares

2. Mr. Fong Sou Lam is the founder of a discretionary trust which owns the entire issued share capital of Black Jambhala Company Limited which in turn beneficially owns an aggregate of 194,904,220 Shares. By virtue of the SFO, Mr. Fong Sou Lam is deemed to be interested in 194,904,220 Shares which the discretionary trust owns.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, no other person (other than the Directors or chief executive of the Company) had any interests or short positions in the Shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

3. COMPETING INTEREST

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or their respective associates had any interest in a business which competes or may compete, either directly or indirectly, with the business of the Group, or have or may have any other conflicts of interest with the Group.

4. DIRECTORS' SERVICE CONTRACTS

None of the Directors had entered or been proposed to enter into any service contract with the Company or any other member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation) as at the Latest Practicable Date.

5. INTEREST OF DIRECTORS OR EXPERTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, (a) none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group, (b) save as disclosed in this circular, none of the Directors or expert named in the section headed "7. Expert and Consent" in this appendix had any interest, directly or indirectly, in any assets which have been, since 31 December 2025 (being the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. MATERIAL CONTRACTS

No material contract (not being contract entered into the ordinary course of business) have been entered into by the members of the Group within two years immediately preceding the date of this circular and are or may be material.

7. EXPERTS AND CONSENT

The following is the qualification of the expert or professional adviser who has given opinions or advices contained in this circular (the "**Experts**"):

Name	Qualification
SHINEWING (HK) CPA Limited	Certified Public Accountants
Roma Appraisals Limited	Independent Professional Valuer

As at the Latest Practicable Date, the Experts have given and have not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to their name in the form and context in which they appear.

The Experts have confirmed that as at the Latest Practicable Date, they did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; nor did they have any direct or indirect interest in any assets which have since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Company were made up) been or proposed to be acquired or disposed of by or leased to any member of the Group.

8. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation, arbitration, or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

9. GENERAL

(a) The registered office of the Company is situated at 5th Floor, Victoria Place, 31 Victoria Street, Hamilton HM 10, Bermuda.

(b) The principal place of business in Hong Kong of the Company is situated at Units 2201 & 2203, Orient International Tower 1018 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong.

(c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(d) The company secretary of the Company is Mr. Lee Che Keung, who is an associate member of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in England.

(e) The English text of this circular shall prevail over the Chinese text.

10. DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.fongs.com) between the period of not less than 14 days from the date of this circular up to and including the date of the SGM:

(a) the letter of consent referred to under paragraph headed "Experts and Consent" in this appendix;

(b) the valuation report of the Sale Shares, the text of which is set out in Appendix II to this circular; and

(c) the assurance report from Reporting Accountants on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix IV to this circular.

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)

NOTICE IS HEREBY GIVEN that a special general meeting (the "**Meeting**") of CHTC Fong's International Company Limited (the "**Company**") will be held at Unit 2204, Orient International Tower, 1018 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong on Wednesday, 29 April 2026 at 9:30 a.m. for the purpose of considering and, if thought fit, passing the resolution as ordinary resolution of the Company (unless otherwise indicated, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated 13 April 2026 (the "**Circular**").

ORDINARY RESOLUTION

1. "**THAT**

a. the Potential Disposal (as defined in the Circular, a copy of which is produced to the Meeting marked "A" and signed by the chairman of the Meeting for the purpose of identification), being the (i) proposed disposal of the entire issued share capital of PT Harvest Holdings Limited (卓豐控股有限公司), an indirect wholly-owned subsidiary of the Company (the "**Target Company**") and (ii) the proposed assignment of the entire shareholders' loan owed by the Target Company up to and including the completion date of the Potential Disposal by Fong's Manufacturers Company Limited, an indirect wholly-owned subsidiary of the Company (the "**Vendor**"), through the listing-for-sales process (the "**Listing-for-sales**") at the Shenzhen United Property and Equity Exchange* (深圳聯合產權交易所股份有限公司) (the "**SUPX**"), be and is hereby approved and confirmed;

b. the Vendor be and is hereby authorised to conduct the first Listing-for-sales at the SUPX with a preliminary base price of approximately RMB221.48 million (equivalent to approximately HK$248.12 million)), as determined by the board of directors of the Company;

c. the Vendor be and is hereby authorised to undertake any subsequent Listing-for-sales at a base price of not lower than RMB177.18 million (equivalent to approximately HK$198.50 million), as determined by the board of directors of the Company;

d. the Vendor be and is hereby authorised to undertake the Listing-for-sales for no longer than 12 months from the commencement date of the first formal listing at the SUPX, and to enter into an equity transaction agreement (the "**Equity Transaction Agreement**") with the final purchaser in relation to the Potential Disposal (the terms of which have not been finalised as at the Latest Practicable Date) and subject to the approval of the board of directors of the Company be and is hereby approved and confirmed; and

e. the Directors be and are hereby authorised for and on behalf of the Company and in its name to execute all such documents, instruments and agreements (including but not limited to the Equity Transaction Agreement) and do all such acts, matters and things as they may in their absolute discretion consider necessary, desirable or expedient for the purpose of or in connection with implementing, completing and giving effect to the Potential Disposal and the transactions contemplated thereunder, and to agree to such variations of the terms of the Potential Disposal and the Listing-for-sales (including but not limited to the base price for any subsequent Listing-for-sales, provided that the base price to be set for such subsequent Listing-for-sales shall not be lower than RMB177.18 million (equivalent to approximately HK$198.50 million)) as they may in their absolute discretion consider necessary or desirable, and all such acts and things the Directors have done, all such documents the Directors have executed, and all such steps the Directors have taken are hereby approved, confirmed and ratified."

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

Hong Kong, 13 April 2026

Registered Office:
5th Floor, Victoria Place
31 Victoria Street
Hamilton HM 10
Bermuda

Principal place of business:
Units 2201 & 2203
Orient International Tower
1018 Tai Nan West Street
Cheung Sha Wan, Kowloon
Hong Kong

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint one or more proxy or proxies to attend and, subject to the provisions of the bye-laws of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the Meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.

2. In order to be valid, you are requested to complete and return the accompanying form of proxy to the Company's principal place of business in Hong Kong at Units 2201 & 2203 Orient International Tower, 1018 Tai Nan West Street, Cheung Sha Wan, Kowloon, Hong Kong, in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof if you so wish and in such event, the form of proxy shall be deemed to be revoked.

3. In the case of joint holders of shares of the Company, any one of such holders may vote at the Meeting, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

4. In order to determining the entitlement of the shareholders of the Company to attend and vote at the Meeting, all transfers of shares of the Company accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Monday, 27 April 2026.